



# ***Daily Report***

## **China**

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# Daily Report

## China

FBIS-CHI-91-069

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10 April 1991

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

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## General

### Security Council Adopts UNIKOM Resolution

OW1004013091 Beijing XINHUA in English  
0030 GMT 10 Apr 91

[Text] United Nations, April 9 (XINHUA)—The Security Council this afternoon unanimously adopted a resolution on the formation of the U.N. Iraq-Kuwait Observation Mission (UNIKOM) to monitor a demilitarized zone between Iraq and Kuwait.

Resolution 689 says the council approves the report of the U.N. secretary-general on the implementation of Paragraph 5 of Security Council Resolution 687.

Resolution 687, adopted on April 3, calls for the immediate deployment of a U.N. observer unit to monitor the Khawr 'Abdallah and a demilitarized zone extending 10 kilometers into Iraq and five kilometers into Kuwait from the boundary referred to in an accord signed by the two countries in 1963.

According to a report by the U.N. chief to the council on April 5, UNIKOM will monitor the Khawr 'Abdallah and a demilitarized zone, deter violations of the boundary and observe any hostile or potentially hostile action mounted from the territory of one state to the other.

UNIKOM will have an initial group of 300 military observers in addition to five infantry companies drawn from existing peace-keeping operations in the region to ensure UNIKOM's security, a logistic unit and a field engineer unit. However the U.N. chief said the maximum initial strength of UNIKOM would be about 1,440, who will patrol the 200-kilometer-long demilitarized zone and the 40-kilometer-long Khawr 'Abdallah.

U.N. sources said the five permanent members of the Security Council would each contribute 20 military observers to UNIKOM. It would be the first time that all the big five contribute to a U.N. peace-keeping unit.

Under Resolution 689, the council shall review the question of ending or continuing the mission and the modalities for the mission every six months.

Meanwhile, Security Council consultations on the declaration of a formal cease-fire in the Gulf in the past two days failed to produce any result.

Some members insist that the council should first receive a resolution in writing adopted by the Iraqi National Assembly on April 6, which accepted the cease-fire terms set in Security Council Resolution 687.

Under the resolution, a formal cease-fire is effective upon official notification by Iraq to the secretary-general and the Security Council of its acceptance of the provisions.

In a letter to the U.N. chief and Security Council president on April 6, Iraqi Foreign Minister Ahmad Husayn said his country "has no choice but to accept this resolution" although he criticized all of its main provisions.

Iraqi Ambassador 'Abd-al-Amir al-Anbari insisted that the letter "constitutes irrevocable and unconditional acceptance" of the resolution, but a copy of the National Assembly's resolution has not arrived yet owing to "technical problems."

### 'Roundup' Outlines ESCAP Action Plan

OW0904234091 Beijing XINHUA in English  
1518 GMT 9 Apr 91

["Roundup: ESCAP Endorses Major Thrust of Regional Cooperation for Industrial Restructuring (by Qi Deliang)"—XINHUA headline]

[Text] Seoul, April 9 (XINHUA)—The development of human resources, the upgrading of technology and policy reforms in trade and foreign investment are identified as the critical elements for the developing economies of Asia and the Pacific.

These elements were endorsed as the major thrust of a plan of action for future appropriate industrial restructuring in the region, by the 47th Session of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). The session, which ends here Wednesday, also called for special attention to the needs of the least developed, land-locked and island developing economies of the region.

The present ESCAP session, which discussed industrial restructuring, the theme topic of the session, believed that globalization of trade and production activities would intensify during the decade of the 1990s. In that process, labor costs were expected to decline in the production of manufactured goods as a result of rapid changes in technology.

Furthermore, the share of primary commodities in the manufactured output could diminish and the comparative advantages of economies would change.

The session emphasized that industrialization and trade policies were complementary and had to be carefully synchronized to achieve successful industrial restructuring. Therefore, it urged countries in the ESCAP region to work constantly towards the maintenance of an open trading system.

Financing and the role of domestic and foreign financing institutions were of paramount importance in industrial restructuring. Developing economies of the region were facing difficulties in increasing domestic resources mobilization and international financial flows were becoming tighter.

Hence the session urged developing economies of the region to search for innovative approaches to industrial financing at global, regional and national levels and strengthen efforts to develop regional capital markets.

Regional and subregional initiatives were necessary to promote foreign direct investment and the session felt it

was important for countries and economies in the region to attract more foreign investment for their industrial restructuring.

The session also pointed out that the upgrading of technology with effective technology transfer would be one of the important determinants for industrial restructuring.

International agencies should strengthen their activities in assisting the developing economies in the region in promoting technology transfer and expanding human resources development activities.

Regional initiatives were also necessary for developing industrial consultancy, engineering and design and other technical services, it stressed.

The session pointed out that developing economies of the region were meeting acute shortages and problems relating to the adequate supply of energy for industrial development and restructuring, the limited availability of foreign exchange and the increasing cost of energy which further compounded the problems of energy supply.

It stressed the development of energy for industrial use was a promising area for regional cooperation.

The session urged countries and economies in the region to strengthen cooperation, exchange experience and information in their industrial restructuring.

### **Beijing To Host 1992 Meeting**

*OW0904233391 Beijing XINHUA in English  
1213 GMT 9 Apr 91*

[Text] Seoul, April 9 (XINHUA)—The 47th annual session of the United Nations Economic and Social Commission (ESCAP) today formally accepted China's offer to host the next commission session in Beijing, in spring 1992.

At a plenary meeting, all the delegates endorsed with appreciation the invitation of the Government of the People's Republic of China to hold the 48th ESCAP session.

The ESCAP Secretariat agreed to seek the approval for this of the UN Economic and Social Council and the endorsement of the UN General Assembly. It assured the representative of China to the present session of its full cooperation in the holding of the next session.

The meeting also endorsed "regional economic cooperation in the ESCAP region: prospects, priorities, and policy options" as the theme topic for the 48th session. It recognized the importance of regional cooperation as a catalyst in the development process for the developing countries of the region.

The ESCAP Secretariat will carry out a policy-oriented, in-depth study concentrating on intraregional flows of investment and development finance as well as complementaries and intraregional trade.

### **Gorbachev To Meet South Korean President**

*OW0904230491 Beijing XINHUA in English  
1600 GMT 9 Apr 91*

[Text] Moscow, April 9 (XINHUA)—Soviet President Mikhail Gorbachev is to have a brief meeting with his South Korean counterpart, No Tae-u, on the way back home from his official visit to Japan, which starts a week later. [sentence as received]

Soviet presidential press secretary Vitaliy Ignatenko told a press briefing here today that the meeting would be on the island of Cheju-do, South Korea, on April 19.

The meeting was decided on and agreed to by both sides, Ignatenko said.

### **Czechoslovakia Raises New CSCE Proposals**

*OW1004082091 Beijing XINHUA in English  
0254 GMT 10 Apr 91*

[Text] Prague, April 9 (XINHUA)—Czechoslovak Foreign Minister Jiri Dienstbier today proposed to discuss a new structure for European security at the foreign ministerial committee meeting of the Conference on Security and Cooperation in Europe (CSCE) set for June.

Dienstbier made the proposal in a memorandum on European security he handed over today to the ambassadors from CSCE signatory countries.

Czechoslovakia called for an immediate convening of a special CSCE meeting given the pressing present situation and a meeting of foreign ministers or defence ministers to discuss cooperation on security before the next Helsinki meeting.

The foreign minister also proposed the formation of a standing political body within the CSCE framework to cope with pressing problems and urged the newly-formed European Disarmament Forum to play its role.

Meanwhile the foreign minister described it as the only feasible way for Czechoslovakia to join a widely-based system for the security in Europe.

He also stressed that the European security structure must coincide with the interests of all European nations, including the Soviet Union.

### **United States & Canada**

#### **Gyaincain Norbu Briefs Lilley on Human Rights**

*OW0504194891 Beijing XINHUA in English  
1554 GMT 5 Apr 91*

[Text] Lhasa, April 5 (XINHUA)—"I have felt the changes in Tibet," James Roderick Lilley, U.S. ambassador to China, said during a recent visit to the Tibet Autonomous Region.

Lilley visited Lhasa from March 29 to April 2 on official business.

He said that when he was last there, 14 years ago, he found the Potala Palace rather lonely, but this time there were many people paying homage to Buddha.

At the Jokhang Temple, and the Zhebung and Sera monasteries, Lilley and his party saw crowds of people paying homage to Buddha.

Lilley asked the abbot of the Zhebung Monastery if there were any limit on the number of lamas the monastery enrolled. The abbot answered that so long as the applicants met the monastery requirements any number could be enrolled.

During his stay in Lhasa, Lilley had a frank conversation with Gyaincain Norbu, chairman of the People's Government of the Tibet Autonomous Region, on politics, economy, culture and religion in Tibet.

At Lilley's request, Norbu explained the Chinese Government's constant position of being ready for negotiations with the Dalai Lama (or his representative) provided the latter abandons his call for Tibetan "independence" and sincerely moved to improve the relations between himself and the central government.

Norbu added that the Dalai Lama has not shown sincerity in this regard, as recently he advocated the holding of an "international Tibet year" and has sponsored various activities in some countries, with the aim of splitting off Tibet from the motherland.

Lilley also asked Norbu about capital punishment in China.

Norbu said China retained the system of capital punishment according to specific circumstances and allows reprieves in deserving cases. He cited the case of Losang Danzim, who was convicted of murdering a policeman during the 1989 Lhasa riots; he was sentenced to death with a stay of execution for two years.

Norbu said some international figures have made an issue of human rights in China, interfered in China's internal affairs and applied pressure to try to make China accept their own values and social system. "This is absolutely impermissible," he said.

Norbu also briefed Lilley on the implementation of the Chinese Communist Party's policy of freedom of religious belief in Tibet.

He noted that in recent years more than 1,400 temples and monasteries have been repaired and opened in Tibet to meet the religious needs of the Tibetans. But any activity that splits the motherland under the cover of religion will never be permitted in Tibet, he added.

Lilley said some U.S. people are very concerned over the Tibet issue, but do not understand it. The aim of his Tibet trip was to increase understanding of the reality of Tibet.

### Envoy Discusses Most-Favored-Nation Status

OW1004101791 Beijing XINHUA Domestic Service  
in Chinese 0710 GMT 10 Apr 91

[Text] Washington, 9 Apr (XINHUA)—In a recent speech at a "Palm Spring roundtable meeting" in Florida, the United States, Chinese Ambassador to the United States Zhu Qizhen pointed out that if the United States unilaterally abolishes China's most-favored-nation [MFN] status, it not only will be harmful to the economic relations and trade between the two countries, but also will affect the comprehensive relations [quan mian guan xi 0356 7240 7070 4762] between the two countries. He called on people of breadth of vision in the United States to work together with the Chinese people to prevent the removal of China's MFN status.

Referring to China's surplus in trade with the United States, Zhu Qizhen said: The U.S. statistics are considerably exaggerated. In addition, there are many other factors that resulted in the trade imbalance between the two countries. The U.S. economic sanctions against China and restrictions on exports to China were the two major reasons for the imbalance. Nevertheless, he said, China is willing to work actively with the United States to explore ways to solve the problem on the equal footing and to mutual benefit. He indicated that China has and will continue to manage to increase imports from the United States, and that China hopes the United States also will tackle the problem in the same spirit.

On Sino-U.S. relations, Zhu Qizhen pointed out: China attaches great importance to Sino-U.S. relations, and hopes that relations between the two countries will return to normal as early as possible. He said: China has maintained all along that Sino-U.S. relations should be developed on the basis of the three joint communiques, especially on the principles of mutual respect for sovereignty and territorial integrity and non-interference in each other's internal affairs. He emphatically pointed out that the history of the development of Sino-U.S. relations has demonstrated that as long as these principles are observed, bilateral relations will advance; otherwise, they will suffer setbacks.

Zhu Qizhen also said in his speech that with great differences in historical backgrounds, cultural traditions, and social systems, the two countries should respect each other and seek common ground while reserving differences. Bilateral relations were developed in the past decade because there were wide-ranging common interests between the two countries, and by no means because they had a common value concept. Sino-U.S. relations have never been, and will not be, established on the basis of a common value concept.

About 400 Americans from various circles listened to the speech at the meeting. The Chinese Ambassador also took questions from the audience.



### Paper Notes Backing

OW1004025491 Beijing XINHUA in English  
0243 GMT 10 Apr 91

[Text] Beijing, April 10 (XINHUA)—A leading official of the American Chamber of Commerce in Hong Kong urged the United States to extend the most-favored-nation (MFN) status to China, saying that the economies of both Hong Kong and the Chinese mainland would be "badly hurt" otherwise.

Chamber President Warren W. Williams told CHINA DAILY that his chamber would oppose the removal of China's MFN status. "We're also against the MFN status being extended but with certain conditions attached," he said.

Withdrawing the MFN status, the president said, would be a "silly way" of addressing other issues and resolving (bilateral) trade disputes. Such a decision would only serve to devastate Sino-U.S. relations.

The MFN trade status, which entitles China to the United States' lowest available tariffs, must be renewed each year. Without this status, tariffs on Chinese goods would soar and sales would drop dramatically, experts say. According to Hong Kong Government estimates, the region may lose 20,000 jobs and 2-3 percent of its gross national products (GNP).

However, Williams predicted that the damage would be even greater if the "interdependence between Hong Kong and south China" was taken into account.

Around 30,000 Hong Kong companies are now operating in south China, mostly in the booming Pearl River Delta, and employing about two million local workers. Most of the products from these plants are sold overseas via Hong Kong.

According to Chinese Government statistics, such exports were worth 10 billion U.S. dollars last year.

Williams said he had sent a letter to the chamber's 1,200 member companies, asking how their business would be affected if the MFN status was lifted.

He said he had also asked the Hong Kong and Shanghai Bank, Citibank, Bank of America and Bankers' Trust of the U.S. to estimate the would-be damage in Hong Kong.

He would lead a delegation from the chamber to Washington DC with these "reasonable, accurate, prompt and professional figures" on May 6, and would lobby the U.S. Congress to extend China's MFN status. The congress is to review the trade status in mid-June.

### 'News Analysis' on U.S. Mideast Policy Prospects

OW0904234391 Beijing XINHUA in English  
1658 GMT 9 Apr 91

["News Analysis: Post-War Middle East: A Hot Potato for Washington (by Chen Peiming)"]—XINHUA headline]

[Text] Beijing, April 9 (XINHUA)—With six weeks passed since the end of the Gulf war, the world media is now focusing its attention on whether the United States can win peace in the region, despite its victory in the war.

In fact, the post-war Middle East has turned out to be a hot potato in Washington in terms of security arrangements and peace processes.

In the first place, post-war development inside Iraq has become a major headache for the White House.

Not too long ago, the Bush administration repeatedly voiced hope for an overthrow of Iraqi President Saddam Husayn. But soon it realized that any undisguised intervention by the United States would make the unstable situation in Iraq even worse, thus affecting the regional security of the Gulf and jeopardizing the strategic interests of the U.S.

Washington also maintained that the territorial integrity of Iraq should be respected. But meanwhile, it had contacts with the rebel forces of the country.

Moreover, the Americans are confronted now with the question of withdrawing its 100,000 troops from southern Iraq, in the face of the U.N. Security Council resolution for a permanent ceasefire in the Gulf region, which was adopted last week.

Given the situation, observers say the U.S. Government will be having a hard time deciding what approach it should take to influence the future course of developments in Iraq.

Post-war security arrangements in the Gulf region is another problem frustrating Washington.

The United States has long been calling for the establishment of a NATO-like security structure in the region: in its true sense, a military alliance with U.S. forces in the pivotal position.

However, this intention was opposed by not only Arab nations, but by the Soviet Union and some West European countries.

The Arab countries were opposed to any involvement of non-Arab countries in the regional security arrangements, insisting that the security of the Arab world was the subject of their own choice.

Egyptian President Muhammad Husni Mubarak said recently that he was for the idea that the security system in the Gulf could be materialized with foreign help, but ground forces of foreign countries must be pulled out.

Moscow held that countries in the Gulf region should be allowed to play the leading role in deciding on the post-war arrangements, and that foreign military presence should be limited to the number not exceeding that before August 5, 1990.

Some West European countries also felt unhappy with the U.S. attempt to make a monopoly of the security arrangements in the post-war Gulf region.

The Arab-Israeli conflict, including the Palestinian issue, is the third thorny problem for Washington.

Although the United States differs with Israel on how to solve the problem, it makes little difference to the U.S. position of shielding Israel.

Israel is strongly opposed to the proposal for its withdrawal from occupied Arab lands and refuses to establish a relationship of peaceful coexistence with neighbouring Arab countries and Palestine.

Yet it demands that the Arab nations first declare an end to the state-of-war against Israel and stop "terrorism" activities.

On the Palestine issue, Israel continues to deny the Palestinian people their right for national self-determination and for establishment of an independent state.

The United States, while not wholly agreeing with the Israeli position, maintains that the establishment of a Palestine state would not be a solution to the conflict.

The Arab countries, along with the Palestinian people, are strongly dissatisfied with the position taken by Israel and the United States.

In their Damascus declaration, Egypt, Syria, Saudi Arabia and another five Arab countries pointed out that the gravest threat to peace in the Arab region came from Israel's continued occupation of Arab lands, and the continued Jewish settlement there.

Meanwhile, the Soviet Union and some West European countries called for a just settlement of the Palestinian issue in accordance with the norms of the international law. They maintain that the Palestinian Liberation Organization (PLO) should not be excluded from the Middle East peace process.

Observers here said that for Washington, it was one thing to win the Gulf war, but it would be quite another story to restore peace in the Middle East according to the American will.

If the United States tries to establish "a new order" to serve its own interests, and at the expense of countries in the region, it will certainly meet strong opposition, and find it more and more difficult to get out of a frustrating situation.

#### **'No Position' on Kurdish Enclave**

OW1004082491 Beijing XINHUA in English  
0733 GMT 10 Apr 91

[Text] Washington, April 9 (XINHUA)—The Bush administration said today that it has "no position" yet on a proposal to establish a U.N.-protected enclave inside Iraq for Kurdish refugees.

Commenting on the proposal put forward by Britain and Turkey, White House spokesman Marlin Fitzwater said that "we are discussing it, we think it has some merit."

But, "We haven't even made a judgment yet on whether we think it's a good idea overall... We don't have a position at this time," Fitzwater added.

State Department Spokesman Richard Boucher said that "based on Resolution 688, the U.N. has a central role to play to provide relief, to look at the causes of the plight of the refugees, and to ensure the Iraqis cooperate with international relief efforts."

"If the Iraqis refuse to cooperate with international relief efforts, we would be willing to look at other options, including further U.N. action," he said.

U.N. Resolution 688, passed last week, asks the Iraqi Government to stop killing insurgents and to cooperate with U.N. relief efforts.

According to Senate majority leader George Mitchell, who was among the congressional leaders meeting with Bush this afternoon at the White House, the Bush administration was lukewarm to the idea of setting up a U.N. enclave inside Iraq.

Mitchell said that during the meeting, a White House official "pointed out the difficulty of summoning the votes necessary in the Security Council, given the sensitivity of some of the members" toward establishing a safe haven for the Kurds.

The State Department reported that 270,000 Iraqi civilians, mostly Kurds, have crossed the border into Turkey, while 250,000 Iraqi refugees were stranded on the Iraqi side of the border.

Between 400,000 and 700,000 Iraqi refugees were seeking refuge in Iran and another 500,000 to 700,000 were along the border in Iraq.

#### **Jiang Zemin Meets President of Xerox Corporation**

OW1004111391 Beijing XINHUA in English  
1032 GMT 10 Apr 91

[Text] Beijing, April 10 (XINHUA)—Chinese Communist Party General Secretary Jiang Zemin met with Paul Allaire, president and chief executive officer of the American Xerox Corporation Ltd. this afternoon, when they had a cordial conversation on matters of common concern.

As guest of the China Association for International Friendly Contacts, Allaire is here on a visit primarily to inspect Xerox's business in China and to explore possibilities of expanding the company's cooperation with China.

Yesterday, Allaire presided over a ceremony that marked the completion and going into operation of the second-phase project of the Xerox-Shanghai Corporation Ltd. in Shanghai. Newly-appointed Vice-Premier Zou Jiahua was present at the meeting.

### Canada To Renew NORAD Agreement With U.S.

OW0904230591 Beijing XINHUA in English  
1550 GMT 9 Apr 91

[Text] Ottawa, April 9 (XINHUA)—The Canadian Government is expected to renew its NORAD military defence agreement with the United States for another five years despite strong opposition.

The GLOBE AND MAIL reported today that many politicians and defence specialists have called for a renegotiation of the North American Aerospace Defence Command (NORAD) agreement, but the government apparently has resisted the pressure.

The 1958 agreement, which created an integrated military command and surveillance system to defence Canada and the United States against the attacks by Soviet missiles or bombers, was last renewed in 1986.

As the pact is approaching its May 12 expiry date, the government is expected to extend it for another standard five years with only one minor change: to recognize the role of NORAD aircraft in watching for drug-smuggling airplanes.

At least two MPs of the ruling Progressive Conservative Party, along with most opposition MPs and an independent arms control agency, have suggested that the agreement be renewed for only two or three years and then reviewed or renegotiated.

They noted that NORAD was created at the height of the Cold War between the United States and the Soviet Union. But the Cold War was already officially declared dead at an international conference in Paris last November when the members of the North Atlantic Treaty Organization and the Warsaw Pact signed agreements on disarmament and cooperation.

The newspaper said that in its discussions with the U.S. Embassy, the Canadian Government has given no hint of any important revisions to the pact. The United States favors a five-year renewal.

### Soviet Union

#### Gorbachev Warns Council of 'Serious Danger'

OW1004034791 Beijing XINHUA in English  
0259 GMT 10 Apr 91

[Text] Moscow, April 9 (XINHUA)—The Soviet Federation Council went into session today in a bid to seek ways to determine the union's future and stabilize its socio-economic situation.

The meeting "focuses on the results of the March 17 referendum, the preparation of a union treaty and a program of firm measures to stabilize the socio-economic situation in the country," presidential spokesman Vitaliy Ignatenko told a news briefing here today.

According to Ignatenko, President Mikhail Gorbachev presided over the meeting and fed the attendants with a gloomy picture of the union which Gorbachev warned was in a serious danger of collapse of "the statehood, economy and the institutes of power and law."

Gorbachev then advanced a series of proposals, hoping they could help bail the union out of its current crisis.

The Soviet president, among other things, again urged an early signing of the union treaty, which would make it possible to define the powers of republics and the central governments and "will thus put an end to the process which generates mistrust and suspicion."

Meanwhile, Gorbachev also proposed a moratorium on strikes, meetings, demonstrations and other political actions until the end of this year.

The Federation Council, which groups heads of the 15 Soviet republics, decided to complete work on document of the union treaty in the council after discussions by republican parliaments.

It also instructed the Soviet cabinet to take into account the proposals and submit them for consideration by the Soviet parliament.

However, the meeting was not attended by heads of Russian, Georgian, Lituianian, Estonian, Latvian, and Moldavian parliaments, the spokesman said.

#### Georgian Republic Declares Independence

OW1004014291 Beijing XINHUA in English  
1438 GMT 9 Apr 91

[Text] Moscow, April 9 (XINHUA)—The Soviet Transcaucasian Republic of Georgia declared itself an independent state, Soviet news agency TASS reported.

At an extraordinary session here today, the Supreme Soviet of the Georgian Republic "unanimously adopted a declaration proclaiming state independence for Georgia," TASS said.

"This document is based on the declaration of Georgia's independence of May 26, 1918, when national minorities of the former Russian empire were granted the right to self-determination," said TASS.

Georgia is the fourth republic that seceded from the Soviet Union, following the Baltic Republics of Lithuania, Latvia and Estonia, of which the parliaments adopted separate independence declarations from March to [word indistinct].

Earlier, Georgia scrapped the words "Soviet" and "socialist" in its name, and boycotted the March 17 national referendum on whether to preserve the union.

Georgia has an area of about 70,000 square kilometers, with a population of more than 5 million. The Soviet government of Georgia was established in 1921.



### Company Established To Contract Soviet Projects

SK0804013591 Hohhot Inner Mongolia Regional  
Service in Mandarin 1100 GMT 7 Apr 91

[Text] With the approval of the Ministry of Foreign Economic Relations and Trade, the China Hulun Buir International Economic and Technological Cooperation Company was officially established recently.

In order to make the best use of the Hulun Buir League experimental zone's advantages in economic and technological cooperation with the Soviet Union, better develop China's economic and technological cooperation with the Soviet Union, and facilitate the economic construction of the border minority areas, the Hulun Buir International Economic and Technological Cooperation Company may undertake on a contract basis construction projects in the Asian areas of the USSR's Russian Soviet Federated Socialist Republic, as well as exports of the equipment and materials needed in these projects. It also may send engineering, production, and service personnel to these areas; establish nontrading enterprises in there; and use foreign resources, funds, and technology to develop labor service cooperation in Hulun Buir League.

### Northeast Asia

#### XINHUA Reports on Seoul Representative Office

OW0904111591 Beijing XINHUA in English  
1022 GMT 9 Apr 91

[Text] Beijing, April 9 (XINHUA)—The China Chamber of International Commerce opened a representative office in Seoul today to handle nongovernmental economic and trade business between China and South Korea.

According to reports from Seoul, Yi Sun-ki, president of the Korea Trade Promotion Corp., and Xu Dayou, representative of the China Chamber of International Commerce, cut the ribbon for the opening ceremony which was attended by representatives from several hundred local industrial and commercial companies and financial institutions.

The Korea Trade Promotion Corp. opened its office in Beijing in January this year.

#### Former Seoul Politician Urges U.S. Withdrawal

OW0904230291 Beijing XINHUA in English  
1606 GMT 9 Apr 91

[Text] Pyongyang, April 9 (XINHUA)—A former senior member of the South Korean ruling party today called for the withdrawal of United States troops from South Korea so as to achieve reunification of Korea as a federation.

Kim Hui-won, former member of the Standing Committee of the Central Committee of the Democratic Liberal Party, told a press conference in Pyongyang that the split of Korea was caused by the U.S.

American troops in South Korea were only there for the interests of the U.S.. Their presence was harmful to peace and unity in the Korean peninsula.

He pointed out that it was most reasonable that Korea should be unified under a system federation.

Problems between the South and the North could only be solved through peaceful means, he said.

Kim said the reason for coming to Pyongyang was to make a contribution to reunification. He would return to South Korea if the South Korean authorities permitted, he said.

#### DPRK Paper Cited on N-S UN Membership

SK1004042091 Beijing International Service  
in Korean 1100 GMT 9 Apr 91

[Text] In an 8 April commentator's article, Korea's NODONG SINMUN reaffirmed its assertion concerning the North and South sides' entry into the United Nations as a single seat.

The commentator pointed out as follows: Today, we saw one Korea overflowing with vivid life. Sportsmen from the North and South declared to the whole world that they will form a single team so they can participate in the world table tennis and soccer championships. They said the table tennis players already had formed a single team.

The formation of a single team that symbolizes one Korea is a victory for neither the South nor the North; neither is it a victory of ideology or of any party system. This is a victory for the Korean people, as well for national faith. It also is a victory for the line of reunification and unity.

Sportsmen's participation in international games as a single team, and the North and South's entry into the United Nations as a single seat, are not at all different in view of moral norms.

Therefore, compatriots who aspire for reunification raise questions to the South Korean authorities, asking why the North and South could not enter the United Nations in the same way sportsmen did with the formation of a single team.

The commentator pointed out these matters.

#### Japanese Diet Urges Return of N. Territories

OW0904130791 Beijing XINHUA in English  
1145 GMT 9 Apr 91

[Text] Tokyo, April 9 (XINHUA)—Days before the historically groundbreaking first visit by a Soviet head of state to Japan, the Japanese Diet (Parliament) is strengthening its call for the return of the four northern islands.

In a resolution adopted today, the Japanese House of Representatives urged the government to try its utmost to

obtain the territorial return of the Kurile Islands to Japanese sovereignty while concluding a peace treaty with Moscow.

The Soviet Union occupied the "four northern islands" at the end of World War II in 1945 and Japan has insisted that they be returned.

According to the resolution, Soviet President Mikhail Gorbachev's visit between April 16 and 19 will be the first opportunity for face-to-face talks on the territorial issue between leaders of the two countries.

The resolution indicated that Japan is expecting an "epoch-making development" in Japanese-Soviet relations and cooperation in all fields on the basis of the solving of the territorial problem.

In the past, the House of Representatives passed 14 similar resolutions with the Upper House ratifying nine of them.

The territorial issue revolves around Shikotan, Kunashiri, Etorofu, and the Habomai Group of islets, which are situated northeast of Hokkaido, Japan's northernmost main island.

## Southeast Asia & Pacific

### Ministry Protests Taiwan-New Zealand Air Route

HK1004085091 Hong Kong AFP in English 0842 GMT 10 Apr 91

[Text] Beijing, April 10 (AFP)—The Chinese Foreign Ministry lodged a protest Wednesday following the announcement of direct air routes between New Zealand and Taiwan, saying it was an issue of Chinese sovereignty.

"The opening of air service with Taiwan by any airline company, including private ones, of countries having diplomatic relations with China is a political issue related to China's sovereignty," a spokesman said.

Any government with diplomatic ties to Beijing "should consult China in advance and ask for permission" before making such a move, he added.

He also reiterated Beijing's official position that Taiwan was "an inalienable part of Chinese territory and one of China's provinces."

Direct flights between Taipei and Auckland are to open in the next two months, via two private firms in each country.

Taiwan, Beijing's Nationalist rival, signed a similar agreement with Australia in March.

New Zealand broke off official ties with Taiwan in 1972 to establish diplomatic relations with the People's Republic of China.

### Forestry Agreement Signed

OW0904113591 Beijing XINHUA in English 0912 GMT 9 Apr 91

[Text] Wellington, April 9 (XINHUA)—Robin Gray, speaker of the New Zealand House of Representatives, has called for further cooperation in forestry and other economic sectors between New Zealand and China.

At a meeting with Chinese Forestry Minister Gao Dezhan here today, the speaker also expressed his satisfaction over the progress in forestry cooperation between the two countries in the past years.

New Zealand attached great importance to the development of the forestry industry and considered timber trade overseas a great sector in the economic development of the country as a whole, the speaker said.

China is one of New Zealand's timber export destinations. More than 200,000 cubic meters of timber were exported to China last year, according to local sources.

Gao Dezhan also met with New Zealand Minister of Forestry John Falloon this morning. The two ministers exchanged views on furthering the cooperation between the two countries.

A forestry cooperation plan for 1991-92 between the two countries was signed this morning between the two ministries.

Under the plan, the two sides agree to strengthen exchanges in personnel and technology, tap the potential of timber trade and support their respective enterprises to cooperate in specific projects in the form of joint venture or other undertakings suitable to both sides.

Exchanges in science and technology have been the focus of the cooperation plan. Projects proposed for cooperative research cover the processing and utilization of fast-growing conifer species, technology of efficient drying for fast-growing coniferous timber, and the intensive cultivation techniques of the industrial pine plantation for pulp-making.

The research projects also include those related to the research on fungal diseases of pine, on the biological control of buddleia davidii, a serious weed in New Zealand of Chinese origin and on the management, harvesting, processing and marketing of paulownia in China.

"There is still much potential to be tapped in the cooperation of forestry industry between China and New Zealand," Gao Dezhan said in an interview with XINHUA. "The cooperation promises a bright prospect," he added.

### Envoy Visits Internationalists' Tombs in SRV

BK0904144291 Hanoi VNA in English 1305 GMT 9 Apr 91

[Text] Hanoi VNA April 9—Chinese Ambassador to Vietnam Zhang Dewei and a number of the embassy

staff members have paid tributes to Chinese internationalists, who died in Vietnam during the Vietnamese people's anti-U.S. resistance war, at cemeteries in Bac Thai and Hoang Lien Son provinces, north of Hanoi.

The visit was arranged by the Vietnam-China Friendship Association on the occasion of the Chinese 'qing ming' (grave-visiting day).

During the visit, the Chinese ambassador and his entourage also met with leading officials, and toured several economic and cultural establishments in these localities.

### Qi Huaiyuan Meets Thai Leaders in Bangkok

OW0904185991 Beijing XINHUA in English  
1532 GMT 9 Apr 91

[Text] Bangkok, April 9 (XINHUA)—Thai Deputy Prime Minister Phao Sarasin met today with a visiting delegation of Chinese Foreign Ministry officials led by Vice Foreign Minister Qi Huaiyuan and exchanged views with them on further development of the friendly relations between the two countries.

During their meeting Phao Sarasin expressed his hope that the friendly ties between Thailand and China will be further expanded and strengthened.

Qi Huaiyuan stressed the Sino-Thai friendship is strong enough to stand any test and will not be affected by any domestic changes in either country.

Suchinda Khraprayun, deputy chairman of the national peace keeping council and commander-in-chief of Thai Army, also met with the Chinese delegation today.

Suchinda noted the friendship between Thailand and China has a very long history and he hoped it will get even closer in future.

Qi reiterated that the recent developments in the political scene of Thailand were its internal affairs and "it is our hope that the friendly ties between our two countries will be further strengthened and expanded."

### Cambodia's Sihanouk Departs Beijing for DPRK

OW1004082791 Beijing XINHUA in English  
0759 GMT 10 Apr 91

[Text] Beijing, April 10 (XINHUA)—Cambodian President Samdech Norodom Sihanouk and his wife left here by air today on a visit to the Democratic People's Republic of Korea.

Seeing them off at the airport were Chinese Assistant Foreign Minister Jiang Enzhu and diplomatic envoys of Cambodia, Korea and Guinea to China.

## Near East & South Asia

### Syrian Official Praises PRC International Role

OW0904155491 Beijing XINHUA Domestic Service  
in Chinese 0354 GMT 9 Apr 91

[By reporter Gu Zhenglong (7357 2973 7893)]

[Text] Damascus, 8 Apr (XINHUA)—'Abdallah al-Ahmar, assistant secretary general of the ruling Syrian Ba'th Socialist Party, said here today: "As one of the five permanent members of the UN Security Council, China has played a positive role in eliminating the root of tension in international relations, especially in the Gulf crisis and Arab-Israeli conflict in the Middle East. China's role in this regard cannot be ignored."

Al-Ahmar made these remarks in an interview with this XINHUA reporter on eve of his departure for China.

He said: "China, which has one-fifth of the world's population, has supported consistently the just cause of the Arab people and the Palestinian people's struggle to return to their homeland and restore their lawful rights." He said: "We highly appreciate China's just stand on international relations, which has made positive contributions to helping the people of various countries achieve their goals."

He pointed out: Syria and China maintain traditional friendly and cooperative relations founded on the five principles of peaceful coexistence. In order to develop the economy and raise the people's living standards, both countries are carrying out construction in ways suitable to them. He said: Syria is a nonaligned nation, while China is a major developing country that supports the Nonaligned Movement. The development of the international situation has made it more pressing for the two countries to strengthen their cooperation.

Discussing the current Middle East situation, Al-Ahmar said: The Middle East is one of the most dangerous hot spots in the world. Obstinate clinging to its aggressive and expansionist stance, Israel has refused to recognize the Palestinian people's lawful rights, of which they have been deprived for more than four decades, and to withdraw from the occupied Arab territories. It even has rejected the proposal for "trading land for peace." He said: Israel's policy of aggression and expansion is the main source of tension and the main obstacle in the way of achieving peace in the Middle East. He emphasized that without a change in Israel's policy of aggression and expansion, it will be impossible to solve the Middle East problem. He called on the international community and the United Nations, and on the five permanent members of the Security Council, in particular, to continue exerting efforts in search of a just and comprehensive settlement of the Middle East problem in accordance with the relevant UN resolutions.

Meanwhile, Al-Ahmar emphasized that the Arab world should draw lessons from the Gulf crisis and strengthen

cooperation. He said that Arab security should be undertaken by the Arabs themselves and should not be meddled in by foreign forces. He added that foreign troops should be withdrawn from the Gulf.

The assistant secretary general noted with delight that Syria and China hold identical stands on a wide range of international issues. He said: The exchange of visits between top-level leaders of the two countries will benefit the common cause of the people of the two countries and the just cause of the people of various countries in the world, and certainly will contribute to the elimination of the sources of tension in various parts of the world.

### West Europe

#### Belgium Announces Normalization of Relations

*AU1004131491 Paris AFP in English 1257 GMT 10 Apr 91*

[Text] Brussels, April 10 (AFP)—Belgium is to normalise its relations with China and restore economic, scientific, political and technical cooperation, the Belgian Foreign Ministry said here Wednesday [10 April].

European Community (EC) foreign ministers agreed in principle last October to lift non-military economic sanctions imposed on China following the violent crack-down on anti-government protesters in Beijing in June 1989.

A Belgian Government spokesman said normalisation of relations would be discussed at a Belgian-Chinese commission meeting in China next week.

Belgian Economics Minister Willy Claes said in Hong Kong this week that the start of the meeting would be a logical time to restore economic and political ties between the two countries.

Another sign of the Belgian-Chinese thaw is the scheduled meeting here Friday between newly appointed Chinese deputy prime minister Zhu Rongji and Belgian Foreign Minister Mark Eyskens.

Mr. Zhu, mayor of Shanghai, is considered a pragmatic advocate of China's opening to the world.

The EC has not lifted a ban on arms sales and military cooperation with China.

#### Tian Jiyun Meets With Turkish Trade Minister

*OW1004084191 Beijing XINHUA in English 0816 GMT 10 Apr 91*

[Text] Beijing, April 10 (XINHUA)—Chinese Vice-Premier Tian Jiyun met with Sukru Yurur, Turkish minister of industry and trade, here today.

During the meeting, Tian and Yurur discussed ways of furthering bilateral economic and technological cooperation.

Yurur arrived here on Monday to attend the Beijing International Fair-1991, as guest of Chinese Minister of Light Industry Zeng Xianlin.

Yurur and Zeng held talks yesterday, when they agreed to enhance technological and personnel exchanges and develop economic cooperation, including joint-ventures, in the areas of leather, foodstuff, handicrafts and glass production, according to Chinese sources.

#### Beijing's Chen Xitong Meets Nicosia Counterpart

*OW0804151491 Beijing XINHUA in English 1324 GMT 8 Apr 91*

[Text] Beijing, April 8 (XINHUA)—Chen Xitong, Chinese state councillor and Beijing mayor, met here today with Lellos Dhimitriadhis, mayor of Nicosia, capital of the Republic of Cyprus.

#### Hebei's Xing Chongzhi Meets Austrian Guests

*SK1004062691 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 9 Apr 91*

[Text] On the afternoon of 9 April, provincial leading comrades, including Xing Chongzhi, Bai Shi, and Guo Hongqi, cordially met with a delegation of officials from Austria led by Dr Haselbach, president of the Federal Council of Austria.

On 9 April, Dr Haselbach and her entourage visited the provincial Museum, the Huabei Pharmaceutical Factory, and the Shijiazhuang No. 1 Printing and Dyeing Plant.

In the afternoon, while meeting with the Austrian guests, provincial leading comrades held cordial and friendly talks with them on further strengthening exchange and cooperation in various fields between the two sides. Both sides said that on the basis of the already established good relationship, they would further coordinate their efforts to raise the bilateral friendly relationship to a new level.

### East Europe

#### Albanian Labor Party Wins Majority in Elections

*OW0804223191 Beijing XINHUA in English 1648 GMT 8 Apr 91*

[Text] Tirana, April 8 (XINHUA)—The first multi-party parliamentary elections in Albania ended here Sunday with the Albanian Labor Party winning 168 seats, or 67.2 percent, of the 250-seat people's assembly.

The final results of the election which were released today also showed the Democratic Party won 75 seats, or 30 percent of the total, and the Democratic League of the Greek Minority Nationality (DLGMN) obtained five seats. The Veteran's Council only captured one seat.

With one more seat still in vacancy pending contention between the Labor Party and the Democratic Party in another voting on April 14. [sentence as received]



In Sunday's run-off election, the Labor Party got six seats out of a total of 18 seats, the Democratic Party 10 seats and the DLGMN two seats.

The first round of the election started on March 31.

#### **Draft Submitted To Change Name of Albania**

OW1004102691 Beijing XINHUA in English  
0857 GMT 10 Apr 91

[Text] Tirana, April 10 (XINHUA)—Albania will change its name of the state from the "People's Socialist Republic of Albania" to "Republic of Albania," according to the draft national Constitution published here today.

The draft, which has been revised through discussions, will be submitted to the newly elected 12th Albanian People's Assembly (parliament) for approval.

#### **Bulgarians Against Demolishing Lenin Statue**

OW1004082391 Beijing XINHUA in English  
0707 GMT 10 Apr 91

[Text] Sofia, April 9 (XINHUA)—Groups of Bulgarians in Ruse City today formed a human-chain around a Lenin statue in the center of the city, preventing it from being demolished.

The protection move was organized by the city's Cultural Relics Preservation Movement and most of the participants were Bulgarian Socialist Party members and their supporters, the Bulgarian news agency BTA reported.

They appealed to Ruse mayor to defy the decision by the city provisional government to remove the statue and said they would not leave until the problem was resolved.

Meanwhile, some people supporting the decision to dismantle the statue also gathered around, but there were no conflicts due to the presence of the police.

#### **Soviet Troops Begin Withdrawal From Poland**

OW1004082591 Beijing XINHUA in English  
0713 GMT 10 Apr 91

[Text] Warsaw, April 9 (XINHUA)—Some 1,200 Soviet servicemen and a unit of a rocket brigade left Poland's Borne-Sulinowo this afternoon to return home.

The Warsaw TV station reported this is the first batch of more than 50,000 Soviet troops in Poland to be withdrawn. Commander of the Soviet troops in Poland Viktor Dubynin announced at a press conference Monday that the Soviet side has prepared to withdraw about 10,000 troops along with some weapons and other equipment by the end of this year.

The Kremlin has decided to pull out all its troops and weapons in Poland by the end of 1993 after a series of

talks with Warsaw. The Polish Government, while satisfied with the Soviet decision to withdraw, set a deadline at the end of 1991.

Zdzislaw Ostrowski, Polish Government representative in charge of the affairs of Soviet troops, recently told a press conference that Poland welcomed the withdrawal of the first batch of Soviet troops and hoped the two countries would reach an agreement on the deadline as soon as possible.

### **Latin America & Caribbean**

#### **Peruvian President Fujimori Arrives 9 Apr**

OW0904082091 Beijing XINHUA in English  
0800 GMT 9 Apr 91

[Text] Beijing, April 9 (XINHUA)—Peruvian President Alberto Fujimori arrived here this afternoon for a three-day state visit at the invitation of Chinese President Yang Shangkun.

Accompanying Fujimori on the tour are his wife Susana Higuchi de Fujimori and Peruvian Minister of Industry, Commerce, Tourism and Integration Victor Joy Way Rojas.

Chen Minzhang, chairman of the Chinese Government reception committee and minister of public health, and Liu Huaqiu, vice minister of foreign affairs, greeted the guests at the airport.

#### **Greets Yang Shangkun**

CM1004121391 Beijing XINHUA Domestic Service  
in Chinese 0802 GMT 10 Apr 91

[Text] Beijing, 10 Apr (XINHUA)—Chinese President Yang Shangkun met President Alberto Fujimori of Peru and his party in the Great Hall of the People here today.

According to a Chinese official who was at the meeting, Yang greeted Fujimori warmly as the first Peruvian president to visit China. He noted that 1991 marks the 20th anniversary of the establishment of diplomatic relations between China and Peru. In the past 20 years, Yang said, considerable progress has been made in friendly relations and cooperation between the two countries thanks to efforts made by both sides.

Yang noted that bilateral visits by high-ranking officials have been made one after another since President Fujimori assumed office last July. Chinese Foreign Minister Qian Qichen visited Peru last September, while Peruvian First Vice President and President of the Senate Maximo San Roman visited China not long ago. "These visits helped promote mutual understanding and friendship," Yang said.

He briefed the guests on the recent sessions of the National People's Congress (NPC) and the National Committee of the Chinese People's Political Consultative Conference (CPPCC). He said the two sessions

successfully discussed the outlines of the 10-Year Program (1991-2000) and the Eighth Five-Year Plan (1991-1995) for National Economic and Social Development, and heard many useful opinions and suggestions. The NPC session adopted the government work report by Premier Li Peng, he noted.

Yang Shangkun told the guests that the outlines and the government work report, which have mapped out a grandiose plan for the development of the country, will mobilize the people of the whole country to work hard to achieve China's modernization goal.

Yang wished President Fujimori complete success during his China visit and said he hoped that the visit would promote the relations between the two countries to a higher stage.

President Fujimori briefed Yang on the current situation in Peru. He said that Peru is applying a series of policy readjustments so as to overcome present difficulties. He expressed the hope that, in overcoming its difficulties, Peru would get support and aid from friendly countries.

He said he has brought with him a program for the development of friendship and co-operation between Peru and China, and expressed his belief that through his current visit the relations between the two countries would grow further. The prospects for this are bright, he added.

Before the meeting, President Yang presided over a ceremony to welcome President Fujimori and his party.

Ye Fei, vice chairman of the NPC, and Chen Minzhang, chairman of the Chinese Government Reception Committee, were present at the meeting.

### Talks With Li Peng

CM1004120991 Beijing XINHUA Domestic Service  
in Chinese 0831 GMT 10 Apr 91

[Text] Beijing, 10 Apr (XINHUA)—The current international situation is complicated and unstable, and China handles various problems in its external relations in line with its independent foreign policy of peace, stressed Chinese Premier Li Peng here today.

Li made the remarks at the Great Hall of the People in talks with visiting Peruvian President Alberto Fujimori here this morning.

According to sources at the Foreign Ministry, Li said the five principles of peaceful coexistence represent the cornerstone of China's foreign policy.

The continuous expansion and strengthening of friendly relations and cooperation between China and other Third World countries, including those in Latin America, is the foundation of China's diplomatic work, Li added.

He stressed that the core of the new international order is that all countries, whether big or small, strong or weak, rich or poor, should be independent and on an equal footing in the international community.

"This is even more important in the current complicated and unstable international situation," he said.

Fujimori noted that his current Asia tour is aimed at seeking friendship and assistance. He stated that China is a big nation within the Third World, with which Peru has always cherished friendly relations.

The friendly relations between Peru and China, he continued, go back a long way; there exists traditional friendly and cooperative relations between the two countries, and there is still great potential for further promoting these relations.

Li briefed Fujimori on the completed sessions of the National People's Congress (NPC) and the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

He said that the NPC had approved the outlines of the Eighth Five-Year Plan (1991-1995) and the 10-year development program, as well as his own government work report.

Li explained that the core of the outlines and the work report is that China will continue its reform and open policy, maintain domestic political stability and unity, and pursue economic development in a sustained, stable and coordinated way.

In a nutshell, he went on, this means reform, opening, stability and development.

Fujimori briefed Li on the domestic situation in Peru. He reiterated Peru's "one China" policy.

He said that 20 years ago the principle set out in the communique between Peru and China for the establishment of diplomatic relations was that Peru would maintain official relations with the People's Republic of China alone and develop only non-governmental contacts with Taiwan.

During the talks, both Li and Fujimori also exchanged views on future steps to strengthen the economic relations of cooperation between the two countries.

## National People's Congress

### Li Peng, Others Hold Final NPC News Briefing

OW0904120591 Beijing Central Television Program  
One Network in Mandarin 0830 GMT 9 Apr 91

[News conference by Premier Li Peng, Vice Premier Tian Jiyun, Vice Premier Wu Xueqian, and Vice Premier Zou Jiahua; moderated by Yao Guang, spokesman for the Fourth Session of the National People's Congress, with foreign and domestic reporters participating; at the Great Hall of the People in Beijing—live; interpreters provide passage-by-passage translation for non-Mandarin-speaking participants]

[Text] [Announcer] The Fourth Session of the Seventh National People's Congress [NPC] came to a successful conclusion this afternoon. In the past two weeks or so, 798 Chinese and foreign reporters covered the event, including 540 from 73 Chinese press organizations, and 258 from 130 press organizations from Hong Kong, Macao, Taiwan, and foreign countries. Many of them are now gathering in the main hall on the third floor of the Great Hall of the People in Beijing, waiting for the arrival of Premier Li Peng and other leading comrades. [Video shows leaders entering, with Yao Guang and Li Peng in the lead, followed by Tian Jiyun, Wu Xueqian, and Zou Jiahua. They are all wearing dark Western business suits. They take their seats at a long table facing reporters. Video shows them seated from left to right as follows: Yao Guang, unidentified female interpreter, Zou Jiahua, Tian Jiyun, Li Peng, unidentified male interpreter, Wu Xueqian, and two unidentified officials]

[Yao Guang] Ladies and gentlemen: Today we are holding the final news conference of the Fourth Session of the Seventh NPC for Chinese and foreign reporters. We have invited Premier Li Peng to attend and answer your questions on China's domestic and foreign policies. Present at the news conference today are also Vice Premiers Tian Jiyun, Wu Xueqian, and Zou Jiahua. We would like to express our thanks to Premier Li Peng and to the three vice premiers for having found the time in their very busy work schedules to meet with you and answer your questions. Now I would like to give the floor to Premier Li Peng.

[Li Peng] Ladies, gentlemen, and comrades: Good afternoon. I am very happy to have this opportunity today to attend the final news conference presided over by Comrade Yao Guang. Present today with me are three vice premiers. The newly elected vice premier Zhu Rongji is now visiting Europe and is unable to attend today's news conference. During the current NPC session, reporters from China and other countries and regions have been very active. Comrade Yao Guang has presided over several news conferences and the press center of the two sessions has held several news conferences. Besides, you have also interviewed individual deputies. I think you have almost exhausted all the questions that you want to

ask. Do you still have questions? If you have any questions, you are welcome to bring them up. We will be happy to answer them.

[XINHUA reporter] I am from XINHUA. At present, the world economic situation is undergoing drastic changes, and there is fierce and intense competition in trade and investment markets. Premier Li Peng, what impact do you think that the world economic situation in the 1990's will have on China's efforts to realize its second-step strategic objective?

[Li Peng] As China is now carrying out the policy of reform and opening to the outside world, the world economic and political situation will certainly have a bearing on and will influence China's construction in the coming decade. We believe that in the world today, the old global structure has disintegrated, while a new one has yet to take shape. The world is in the midst of serious disturbances and upheavals. The international economic and political situation has grim aspects as well as favorable elements. China is willing to develop friendship and economic and trade relations with all countries in the world on the basis of the Five Principles of Peaceful Coexistence. We will further improve our investment environment and step up economic cooperation with other countries. Therefore, we are quite optimistic about the prospects of the coming decade. We are ready to take an active role in the international economic activities.

Meanwhile, I have also taken into consideration the grim aspect of the world situation. Therefore, we have also stressed the principles of relying on ourselves, working hard, and building the nation through thrift and diligence. While carrying out the policy of opening to the outside world, we will, to a great extent, rely on our national strength.

[Chen Jianping] I am reporter Chen Jianping from WEN HUI PAO in Hong Kong. On the needs of Hong Kong's new airport, there is a common understanding between the Chinese and British sides. However, talks between the two sides have been proceeding a long time without any specific results. So, Premier Li Peng, can you tell us where the differences between the two sides lie? For instance, do those differences result from economic, political, or some other factors, for example, involving financial arrangements or, as some people say, does it constitute a kind of interference by the Chinese sides? Thank you.

[Li Peng] Now it is true that existing facilities at the Kai Tak Airport have reached the saturation point. So Hong Kong is indeed in need of a new airport. The Chinese Government supports the construction of such an airport, but the project is very large-scale. Construction of the airport will be very costly and will extend a long time beyond 1997. Therefore the Chinese Government both has the need and the obligation to raise some questions about this project.



We hope that the airport will involve little investment and yield economic returns without creating financial burdens on Hong Kong after 1997.

Recently British Foreign Secretary Hurd visited China. The Chinese side and the British side frankly exchanged views on issues of mutual concern and of course discussed the airport issue. Although no agreement was reached, mutual understanding has been enhanced. The talks proceeded in a good atmosphere, and the differences are being narrowed.

I want to tell everybody that on this airport issue the Chinese Government and the Chinese side are not harboring any self-interest. What we want is to ensure the smooth transfer of government by 1997 and ensure future stability and prosperity in Hong Kong, creating better conditions for the normal operation of the future special administrative government.

Therefore, I believe that as long as both the Chinese and the British sides act in the spirit of the Sino-British Joint Declaration on the question of Hong Kong and deal with all matters through consultation, we can certainly solve all problems.

[Guanboyang] I am (Guanboyang), of Soviet radio. Premier Li, last year you visited the Soviet Union; one year has passed since then. During this period, Sino-Soviet relations have been continuously making progress in all fields. Next month, General Secretary Jiang Zemin of the Communist Party of China will pay a formal visit to the Soviet Union. Premier Li, my question is: I want your opinion on the present status and condition of Sino-Soviet relations and on prospects for the further developments.

[Li Peng] General Secretary Jiang Zemin will pay an official good-will visit to the Soviet Union. This will be a return visit for President Gorbachev's visit to China in 1989. Of course, during the visit, the two leaders will be holding intensive and extensive exchanges of views on international issues, as well as on also bilateral issues of concern to both sides.

I think it is known to all that China and the Soviet Union are neighbors, sharing a 7,000-km border, so continued development of relations in all aspects between China and the Soviet Union on the basis of the Five Principles of Peaceful Coexistence is not only in the interests of China and the Soviet Union, but is also vital to peace and development in Asia and throughout the world. I can tell you that relations between China and the Soviet Union are developing in the direction of good neighborliness and friendship, but will not return to the status of the alliance of the 1950's.

I believe that the upcoming visit by General Secretary Jiang Zemin will be a complete success.

[TIME Magazine reporter, in English] On 30 March, I am sorry, 20 March, the Overseas Edition of the PEOPLE'S DAILY, on page two, ran a short poem entitled "Lantern Festival." Hidden in the poem, it turned out,

was a message which reads: Li Peng must step down to appease the people's anger. How do you react to such a political accident? Do you intend to step down after your term as the premier is over? Thank you.

[Li Peng, in Mandarin] That is a small incident. It is not worth mentioning. Because China is such a vast country with a huge population, in my opinion, it is not surprising that there are some individuals who oppose the current policy of the party and government. I am afraid that China, and other countries, are no exception to this situation, both historically and at present. I do not think the author of this poem represents the will of the people. The just concluded session of the National People's Congress adopted with an absolute majority the State Council's Outline for the 10-Year Development Program and Eighth Five-Year Plan, as well as the government work report I delivered on behalf of the State Council. I think this must represent the will of the Chinese people.

[LIANHE BAO Reporter] I am a reporter from Taipei's LIANHE BAO [LIEN HO PAO]. I have a question. Premier Li, in the draft on the section on Taiwan in your report to the current NPC session, there was a phrase, saying that the recent remarks and measures made and adopted by the Taiwan authorities are helpful for ending the state of hostility between the two sides of the Taiwan Strait. In your oral report, however, we found that the sentence "end the hostility between the two sides of the Taiwan Strait" was deleted. I wonder if this was your offhand decision or if there had been coordination within the party. If it was the latter case, I would like to know the reason.

[Li Peng] I would like to ask Vice Premier Wu Xueqian to reply to your question.

[Wu Xueqian] In Premier Li Peng's report to this session of the NPC, there was a section devoted to the Taiwan issue. It elaborated the consistent policy of the CPC Central Committee toward Taiwan. In the report, Premier Li Peng welcomed remarks made by the Taiwan authorities on advocating the nation's reunification. He also expressed the hope that the Taiwan authorities could do something more to contribute to the development of the relations between the two sides of the strait and the establishment of the three direct links of mail, trade, and air and shipping services. He expressed the hope for early negotiations between the Communist Party and Kuomintang. He also expressed a readiness to engage in consultations on national affairs with various political parties, organizations, and circles in Taiwan. As for the issue of ending the state of hostility just mentioned by the reporter, I would like to draw the attention of reporters from Taiwan to the fact that recently some people among the Taiwan authorities have on more than one occasion declared that, after the ending of the period of the mobilization to suppress the communist rebellion, the relations between Taiwan and mainland will still remain in a state of hostility, and that the Taiwan authorities will persist in their anticommunist policy.



These remarks obviously are not favorable for promoting the realization of the peaceful reunification of the two sides of the strait. They also are contradictory to the call for ending hostility between the two sides of the strait as set forth in the recently published state reunification program in Taiwan.

[Beijing Radio Reporter] I am from the Central People's Broadcasting Station. As everyone knows, we have made some progress in improving the economic environment and rectifying the economic order. Some people say that our economic retrenchment efforts have not achieved the anticipated results, however. Some foreign media are saying that, because of economic retrenchment, China's economy has stagnated and even has regressed. Mr. Premier, what are your views on this?

[Li Peng] The improvement in the economic environment and the rectification of the economic order have achieved the anticipated results. The overly high inflation rate has now been brought under control. The economy, which experienced a decline at one time, has now returned to normal. The industrial growth rate for the first quarter of this year reached 13.8 percent. We have achieved bumper agricultural harvests for two years running. Our economic order also has taken a turn for the better. The problem of imbalance in the total supply and demand, which plagued us for some time in the past, has now been handled properly. Therefore, we can say that our economic retrenchment policy has achieved obvious results. It also has created a relaxed environment and good conditions for deepening reform and opening wider to the outside world. Some of the tasks for improving the economic environment and rectifying the economic order, particularly some of the deep-rooted problems, however, have not been resolved basically. So, I am afraid that it will take us a rather long period of time to complete the economic retrenchment program. Even after we have completed this program, we still will have to make further efforts along this line. For example, we still will have to make further efforts to improve the economic performance of enterprises. Then, there are still some other problems; for example, the problem of improving financial revenues. These will require a long time to overcome.

[Grant Hutchinson, in English] Premier Li, I am Grant Hutchinson from the DAILY TELEGRAPH of London. During the Gulf war, we heard a great deal about China's beleaguered disputes should be settled by peaceful means and not military means. Can your government give an undertaking that should there occur internal disputes in China, should there occur antigovernment demonstrations in Beijing, or Lhasa, or Xinjiang, or any other place, your government would use peaceful means to solve the problem, not military means? Thank you.

[Li Peng] I think these are two issues of an entirely different nature. We have always advocated settlement of disputes between countries through peaceful means. As for domestic problems, a large number of them are contradictions among the people and of course should be

solved with means appropriate for handling contradictions among the people. Only when such contradictions intensify and their nature changes to the extent of violating China's criminal law will we adopt relatively drastic measures.

[Oscar Palma, in Spanish] I am Oscar Palma, chief editor of Mexico's [name indistinct]. What are the guarantees for the success of Chinese economic reform in the coming years?

[Li Peng] During the current session of the National People's Congress, we have adopted a 10-year program and the Eighth Five-Year Plan. There are measures for reform in each of the two plans. So, the plan and program have been adopted and have acquired legal status. Therefore, they provide us with these guarantees. As to whether we can launch the reform program or engage in economic development, we will have to rely on a situation of political stability and unity within the country and also a favorable, peaceful international environment.

[Bai Hailun] My name is Bai Hailun. I work for the U.S. JOURNAL OF COMMERCE. Premier Li, my question is: Can a Chinese be both a patriot and oppose the government and socialist system?

[Li Peng] The Chinese Constitution explicitly provides that China is a socialist country led by the working class and based on the alliance of workers and peasants. Therefore, if a Chinese is a patriot, it is only naturally that he should be supportive of the socialist system.

[BEIJING RIBAO reporter] I am a reporter from BEIJING RIBAO. Not long ago, the Chinese Olympic Committee adopted a unanimous decision for Beijing Municipality to apply for the right to host the Olympic Games in 2000. This is a matter of great concern to both people in Beijing and people throughout the country. What is more, this decision has gained the approval of the Chinese Government. So, Premier Li, I would like your views on Beijing's application for hosting the Olympiad. Thank you.

[Li Peng] As everyone knows, Beijing was very successful in hosting the Asian Games last September, and, therefore, it has both the conditions and the possibility [ke neng] for applying for the right to host the Olympiad in 2000.

Naturally, we also know that many cities and many competitors are making applications now for hosting the 2000 Olympiad. We hope that, in this respect, Beijing Municipality can gain the support of international sports communities, as well as support from all other parties concerned. I can assure you that if this application is approved, Beijing Municipality and the Chinese Government will do everything they can to ensure the success of this Olympiad.

[Unidentified reporter, in English] Mr. Premier, a member of your government has recently said that the trial of Tiananmen case is about to be concluded. What

about Zhao Ziyang? Is the investigation on Zhao Ziyang also concluded? And, also recently a Dazibao [big-character poster] on Tiananmen Square asked for a coming back of Zhao Ziyang, and do you think that he will ever be able to come back? Thank you.

[Interpreter, in English] Miss, will you please repeat the second part of the question?

[Reporter, in English] A poster on Tiananmen Square recently asked for the resignation of Mr. Li Peng and the coming back of Zhao Ziyang. I would like to know if you think that it is possible that Zhao Ziyang will come back to work?

[Interpreter, in English] Thank you.

[Li Peng] The case of Comrade Zhao Ziyang is a case within the party. At the Fourth Plenum of the 13th CPC Central Committee, his mistakes were defined as splitting the party and supporting the turmoil. The examination of his case is an examination to be conducted within the party. The examination is still going on.

It does not deserve a response.

[Interpreter, in English] For the second part of the question, it does not deserve a response.

[NHK reporter] I am from NHK [Nippon Hoso Kyoka—Japan Broadcasting Corporation]. Premier Li Peng, recently there have been increasing economic exchanges between China and the Soviet Union, and also, with the visit of President Gorbachev to Japan as a start, economic exchanges between Japan and the Soviet Union will also become more frequent. That is to say, a Far Eastern economic exchange sphere, including China, the Soviet Union, Japan, and the Korean Peninsula is likely to take shape. What contributions will China make to the development of this sphere, and what role will China play there? Also, what will China expect from President Gorbachev's visit to Japan?

[Li Peng] China, Japan, and Korea are all in East Asia. Therefore, I think it is good for them to strengthen economic cooperation and exchanges. The Chinese Government supports this. Naturally, China does not want to develop economic and trade relations with countries in East Asia only; it also hopes to develop them, and cooperate, with countries in Southeast Asia, Europe, North America, and the whole world.

[ZHONGGUO RIBAO reporter] I'm from ZHONGGUO RIBAO [CHINA DAILY]. Premier Li Peng, just now, you mentioned the progress that was made in the first quarter of this year in terms of the gross rate of industrial production. Then, I have also noticed that, the day before yesterday, a communique released by the State Statistics Bureau said we were still unable to basically solve such problems as the poor economic results in enterprises and also slow capital turnover. Some people, both within China and outside, say that the current reforms cannot basically solve these problems. The fundamental way out is for the state to adopt the

shareholding system and also privatization. So, can I have your comments on this point, and also what effective future measures the Chinese Government is going to take to greatly boost the economic results of large and medium enterprises?

[Li Peng] I would like to ask Mr. Zou Jiahua to answer this question, because he is a newly elected vice premier of the State Council and is concurrently minister in charge of the State Planning Commission.

[Zou Jiahua] The reporter who asked this question just now is very much concerned about the economic results of Chinese enterprises. I think this problem is also a very important one in China's economic life today. What is more, in China's economic activities, particularly industry, the outstanding problems lie in improvement in the economic results of state large and medium enterprises. To further invigorate large and medium state-run enterprises, it is not only a question of concern to the Chinese Government, but also a matter of concern to the majority of the deputies to the present session of the National People's Congress. In his report, Premier Li gave a very clearcut exposition on how to solve the problem of invigorating large and medium enterprises and the problem of their poor economic results. Actually, thanks to the reform measures, in the past more than 10 years, great developments have been made in Chinese large and medium enterprises. Our task is to provide more assistance to those enterprises in order to further invigorate them. The fundamental way to invigorate these enterprises is to further deepen reform, so that they will operate in line with the requirements we have set for the establishment of a planned economy integrated with market regulations, and of a planned commodity economy. There are many complicated reasons for the presence of problems facing medium and large state-run enterprises; and there are the external and internal problems. So, in an effort to further deepen reform in this regard, we have to tackle the problems from outside and inside enterprises. Externally, we shall stage reform of the pricing system and also of the systems for funds, interest rates, exchange rates, etc. Internally, we shall conduct important reforms within the enterprises, such as the further improvement of the contract responsibility system for enterprises, reform of the personnel and fund systems. We are sure that, through all these reforms and our joint efforts, we shall be able to solve the problem of poor economic results.

[IRNA reporter] I am from the ISLAMIC REPUBLIC NEWS AGENCY. The refugee problem in Iraq is very serious. I would like to ask Premier Li Peng whether the Chinese Government has any plans to provide economic aid to refugees in Iraq. Thanks.

[Li Peng] Yes, we have learned from newspapers and other mass media that the refugee problem in Iraq now is very serious. The Chinese Government is willing to consider some humanitarian aid to the refugees.

[Fan Zhuyun] I am Fan Zhuyun, from the Hong Kong-based CHING PO daily. Premier Li Peng earlier mentioned that the differences between China and the United Kingdom on the construction of a new airport in Hong Kong are narrowing. Nevertheless, up to this date, the Chinese and British sides have not been able to reach a final agreement. Can you tell us specifically the differences between the two sides? Is the Chinese side afraid that the United Kingdom will deplete the treasure coffers of Hong Kong before 1997? What should be done to put the Chinese Government at ease, as regards Hong Kong's financial reserves? Are the talks on this issue stalemated? In your opinion, how long will it be before the Chinese Government can publicly declare its support for the new airport project?

[Li Peng] I think, indeed, there is some truth in what you have said. There is a financial issue between the Chinese and British sides concerning the new airport project in Hong Kong, that is, on the size of the financial reserves the present Hong Kong Government will leave to the future government of the Hong Kong Special Administrative Region. This is indeed one of our differences. As I mentioned earlier, during British Foreign Secretary Douglas Hurd's visit to China, the two sides were able to conduct talks in a very good atmosphere, and the differences are narrowing. I think that maybe some day in the near future, the two sides can find a common point and a solution. In addition, as I mentioned earlier, the Chinese side has no selfish interests on this issue. We have taken the measures we have out of consideration for the normal operations of the future government of the Hong Kong Special Administrative Region. Moreover, we do not want to see this new airport project create any extra burdens on the residents of Hong Kong, for example in the form of additional taxes.

[DPA reporter, in English] I am from the German news agency, DPA. Mr Prime Minister, a lot of people in China—and even more in other countries—think that with the death of Deng Xiaoping, China will be confronted with a very unstable and maybe chaotic situation. I indeed think that succession is one of the biggest problems in China. Deng Xiaoping once said that he had two pillars who will prevent instability, that is, Zhao Ziyang and Hu Yaobang, both no longer in power. Who do you think will be the pillars to prevent instability in China?

[Li Peng] Comrade Deng Xiaoping is the chief architect of China's policies of reform and opening to the outside world. We hold him in high esteem.

In the government work report delivered to this session of the National People's Congress, we summarized 12 principles for building socialism with Chinese characteristics. These 12 principles are an epitome of the thinking and contributions made by Comrade Deng Xiaoping. After the Fourth Plenum of the 13th CPC Central Committee held in 1989, a new leadership was established, with Comrade Jiang Zemin at its core. In efforts over the past two years, the leadership core has been

gradually consolidated and currently commands the support of all party members, the people, and the military establishment in China. I believe this leadership is fully capable of handling problems in China.

Comrade Deng Xiaoping has always encouraged us, the new leadership with Comrade Jiang Zemin at its core, to make decisions independently and to deal with problems independently. He hopes that we can become more and more mature through practical work.

You asked about Comrade Deng Xiaoping's health. I can tell you that Comrade Deng Xiaoping is in excellent health. We are reluctant to talk about the things that you mentioned. But I can assure you that no matter what will happen in the future, the present leadership in China, I think, will remain stable, as will the political situation in China.

Earlier, one or two correspondents including this lady in the front, showed great concern about me and asked whether I would remain in my post as premier. I think it is not good for me to evade this question. So, I would like to take this opportunity to say a few words.

I am a member of the leading collective, helping Comrade Jiang Zemin with the work. I think that the stability of China's political situation includes the stability of Chinese Government. For this reason, I believe that I will remain premier during the current tenure in this government.

Also, I would like to answer another question, which some correspondents might ask. Early last March, I had a talk with the Japanese member of parliament Mr. Watanabe. During the talk, he asked whether there would be any major government personnel changes during this NPC session. I thought for a moment and answered that there would be no surprising personnel changes and that I would remain in my post as premier. The correspondent present at the meeting did not stress the word "surprising" that I used on that occasion. Actually, during the just-concluded NPC session, we elected two new vice premiers and one state councilor. But back then, because the NPC was not in session, it was inappropriate for me to reveal this information. I think I expect your understanding on this point.

[RENMIN RIBAO reporter] I work for RENMIN RIBAO. Premier Li, countries all over the world are talking about the establishment of a new world order. What kind of a new world order do you think should be established? What efforts is the Chinese Government making toward the establishment of that new order?

[Li Peng] You are right in saying that right now there is much talk in many countries and also in mass media about the establishment of a new international or world order. The Chinese Government believes that the Five Principles of Peaceful Coexistence should be the principle for building the new political and economic world order. This is because the five principles have stood the test of time and have been accepted by the majority of countries and the people in the world. I am afraid that a new world order led by one country or a group of countries cannot provide reliable guarantees



for the peaceful development of the world. The Chinese Government maintains that one of the most important principles for the establishment of the new economic and political world order is noninterference in the internal affairs of other countries. All countries, big or small, strong or weak, rich or poor, are equal members of the international community. Their rights should be respected.

[THE WASHINGTON POST reporter, in English] I am from THE WASHINGTON POST. Mr. Premier, the Chinese leadership has said in the past that at some point you will make a public accounting of the number of people who were killed or wounded in the 4 June incident. The court has now said that all the criminal cases have been completed. When will you be making a report to the government and people as to the number of people who were killed or wounded on 4 June?

[Li Peng] Almost two years have passed since the 4 June event. I do not think there is any need for me to elaborate on this issue. But I will answer your question anyway.

There would be no difficulty for the Chinese Government to publicly announce the list of casualties of the 4 June event. But relatives of those killed in the 4 June event are reluctant to have the names of the dead published. Because the Chinese people regard the incident as a rebellion, they do not want the list published; we respect their views.

I believe that some other reporters will also have questions in this regard. So I would like to take this opportunity to say a few more words.

As for the rebellion that took place in Beijing at the turn of spring and summer in 1989, it is completely understandable that there might be different comments on the event, because of different values and ideologies. All unbiased people who respect objective facts should find a common view on this event—that is, if the Chinese Party and Government did not adopt, or were not compelled to adopt, resolute measures under the critical situation, current stability and economic prosperity in China would be nonexistent. It would have been out of the question that China could accomplish the task of quadrupling its total industrial and agricultural output value, achieve economic development, continue its policy of reform and opening to the outside world, and make the people fairly well-off; even the existence of the People's Republic of China would have been in question. If we were not compelled to adopt those resolute measures, China might be in chaos, or be suffering from economic decline and disorder and political instability today; and the situation in China today might be no better than that in some countries that used to practice socialism.

I do not think that Chinese people want to see that happen in China. For this reason, history will prove over and over that the measures adopted by Chinese party and Government then were necessary.

In China, the judiciary is independent, and the government has neither the right nor the necessity to interfere with handling of specific cases by the judiciary. So if any

reporters want to ask about the cases of any individuals or events, I think that you should check with the courts and procuratorates concerned. I believe that leaders of the court and the procuratorate have explained the questions in this regard very clearly in their reports to the current NPC session.

[KEJI RIBAO reporter] I am from KEJI RIBAO. Premier Li, you have just said that China reaped a bumper agricultural harvest for two successive years. I believe that the six major projects, including the bumper harvest project, have played a considerable role in promoting agricultural development through the application of science and technology. In the coming decade, China plans to scale two more steps in agricultural development. This is to say that the task will be quite arduous. I would like to ask about the State Council's new guiding principles and strategic arrangements for promoting agricultural development through science and technology in the next decade. Thank you.

[Li Peng] Vice Premier Tian Jiyun is in charge of agriculture in the State Council. I will leave this question to him.

[Tian Jiyun] In China, the invigoration of agricultural development through applying scientific and technological progress is in full swing, and it has become the major propelling force for the development of agricultural production. At present, some scientific and technological advances suitable for agricultural production have been applied to only a small area. If such scientific and technological advances are popularized in large farming areas, they will greatly increase China's agricultural productivity. This application of science and technology is the fundamental guarantee for realizing the goal of agricultural development in the year 2000.

[LE FIGARO reporter] I am from LE FIGARO. According to your view, the Chinese justice system is independent. This is also the case in the Western countries. But after a judgment is passed, (?is the executive office able to exert some influence)? Do you have some influence? Is it not right to grant clemency or issue pardons? Would this not be appropriate two years after the events of June 1989? Jiang Zemin is often quoted as saying that bygones should be bygones and the chairman of the People's Court has said in his report to the NPC that some new clemency could be announced. Is this not the time for (?rehabilitation) since you have announced such measures. Thank you. [after the interpreter asks the reporter to repeat his question, he continues] Is it not in the power of the Chinese Government to exercise clemency or pardon people sentenced by the court?

[Li Peng] According to Chinese law, there is no provision for general amnesty, and there are cases for special pardons. This is within the power of the NPC, not the government.

[IZVESTIYA reporter] I am from IZVESTIYA. Mr. Li, (?you have said) that the family responsibility system in countryside will remain unchanged for a long time. But, at the same time, you have indicated many times that

collective approaches will be encouraged. What does it mean, in practical terms, when you say that the collective approach should be encouraged? Generally speaking, do you think that today's economic structure in China in terms of distribution between the state, collectives, and individuals and between private and state-owned sectors is correct and favors economic development? Do you anticipate any future changes in this structure? If you do, who will benefit—the state, collectives, or the private sectors? Thank you.

[Li Peng] It has been many years since the household contract responsibility system, linking remuneration with output, was introduced in Chinese rural areas. Practice has proven that this policy has been very successful and is supported by farmers. It has contributed to China's agricultural development. Therefore, we will continue to implement this policy. However, along with the development of agriculture, the household contract responsibility system alone cannot cope with the demands of the development of production. Therefore, various service systems have emerged in Chinese rural areas, such as before and after production service systems, to solve problems which cannot be handled by a single household. We anticipate that such service systems will further develop and become complete in the next decade. As for the nature of service systems, some are run by collectives and others by individuals. The collective economy, as I think you have just said, should include township and town enterprises. Some of them indeed are part of a collective economy.

[JIEFANGJUN BAO reporter] I am a reporter from JIEFANGJUN BAO. Premier Li, I have a question for you. In your report to the current session, you put forward the need to extensively unfold activities of supporting the army and giving preferential treatment to military dependents; of supporting the government and cherishing the people; and of further strengthening the solidarity between the army and the people and between the army and the government. What are your comments on these activities? What are the government's measures and plans to improve further the work of supporting the army and giving preferential treatment to military dependents and of supporting the government and cherishing the people? Thank you.

[Li Peng] The Chinese People's Liberation Army [PLA] is the steel wall in defending socialist construction. Together with the people's armed police, they all are soldiers who are sons of the people and they all serve the people.

The activities of supporting the army and giving preferential treatment to military dependents and of supporting the government and cherishing the people are a fine tradition of our party and the country. This tradition has been going on for many years. Under the new situation, they will be developed and improved further.

In Fuzhou last year, a meeting was held to commend models who excelled in unfolding activities of supporting the army and giving preferential treatment to military dependents

and of supporting the government and cherishing the people. The meeting also summed up new experiences in unfolding those activities under the new situation. I believe that the efforts we made in the meeting will play a great role in further strengthening unity between the army and the people under the new situation.

[VOA reporter] I am from the Voice of America. Premier Li, did it make you feel proud that the Chinese movie "Ju Dou" was nominated for a U.S. Academy Award recently? Why are some Chinese-made movies not allowed to be shown in theaters in China? Is it because the Chinese Government believes that the Chinese people are not mature enough to decide for themselves whether a movie is good or bad?

[Li Peng] Concerning the movie "Ju Dou," I have not seen it. Therefore, I am not in a position to comment. As for the policies of the Chinese Government and party on literature and art, we are implementing the policies of letting a hundred flowers blossom and a hundred schools of thought contend and of serving the people and serving socialism. We hope that literary and art works can serve the people and encourage people to move upward and build socialism. This is what we call building spiritual civilization.

[ZHONGGUO XINWEN SHE reporter] I am from ZHONGGUO XINWEN SHE. I would like to ask Premier Li the following question: Was Comrade Deng Xiaoping involved in the formulation of the Eighth Five-Year Plan and the 10-Year Development Program? What is his attitude toward these documents? Is he satisfied with them?

[Li Peng] As everyone knows, the 10-Year Program and the Eighth Five-Year Plan were formulated by the CPC Central Committee and the State Council. The proposal for the formulation of the program and the plan was adopted at the Seventh Plenum of the 13th CPC Central Committee. In the course of the formulation of these documents, we solicited opinions and views broadly from all quarters, the opinions of veteran comrades included. We did solicit Comrade Deng Xiaoping's opinions as well as the views of some other veteran comrades. Comrade Deng Xiaoping expressed satisfaction over the proposal made by the Seventh Plenum of the 13th CPC Central Committee. Other veteran comrades also expressed their approval. Although Comrade Deng Xiaoping at present holds no posts in the government or in the party, we will implement continuously the line that he initiated at the Third Plenum of the 11th CPC Central Committee. Deng Xiaoping's works, which inherited and developed Mao Zedong Thought, still serve as an important guideline for our work.

[UNITED MORNING POST correspondent] I am a special Hong Kong correspondent for Singapore's UNITED MORNING POST. Mr. Premier, just now you said that China not only will strengthen trade relations with Northeast Asia, but also with Southeast Asia. Does the Taiwan factor, that is to say, the massive investment by Taiwan in Southeast Asia, have any affect on China's

development of relations with the countries in that region. Second, as regards the Cambodian conflict, will China urge the Khmer Rouge to accept the UN formula? Third, faced with the dispute over the Nansha Islands and the Cambodian conflict, how will China and Vietnam improve their bilateral relations?

[Li Peng] This correspondent has posed three questions. I wonder which I should respond to. I believe that you are a reporter from Taiwan, or from Singapore? Well, I will break the rule and answer all three of your questions. Last year, China improved and developed relations with countries in Southeast Asia. It resumed diplomatic relations with Indonesia and established diplomatic relations with Singapore. China also is ready to maintain and develop relations further with these countries in the political, economic, scientific, and educational fields. I believe that you are correct in saying that just now. We are not opposed to Taiwan, as a region, developing its economic and trade relations with these countries, so long as such relations remain nongovernmental in nature. I also believe that will not constitute any obstacles to the development of economic and trade relations between the mainland and countries in these regions. Regarding the Cambodian issue, I believe that, if you have not forgotten, you certainly will remember that as early as around last August or September, the three Cambodian resistance factions led by Sihanouk, including the Khmer Rouge, already had accepted the document worked out by the five permanent members of the UN Security Council on settling the Cambodian issue. As for the issue of the Nansha islands, it goes without saying that these islands have been China's territory since ancient times. We are willing, however, to discuss with various countries concerned about the joint development of the area through peaceful consultations.

[NHK reporter] I am from NHK. The just-ended Gulf war provided ample evidence that if you possess only battle weapons, then you hold no initiative and will be beaten. So, with current economic difficulties in China, how are you going to further strengthen your national defense capability in the 1990's? Do you have any plans to acquire aircraft carriers?

[Li Peng] Naturally, weapons played an important role in determining the success or failure of the war, but the more important factor was the man who handled the weapon. I am not the only one to say this. This was also remarked upon recently by a certain Western military commentator recently. We believe the will of the people is also a very important factor in determining the success or failure of a war. So, in the face of this complicated and volatile international situation, China has increased its defense spending this year. But even after increases, defense spending still comprises a very limited proportion of both our state revenues and national income. Besides, the defense policy of China is entirely defensive in nature and imposes no threat to other countries.

[Yao Guang] Now, the last question.

[CHRISTIAN SCIENCE MONITOR reporter, in English] I am from THE CHRISTIAN SCIENCE MONITOR. Premier Li, on 19 May 1989, you said your government would not punish students for their words and actions during the democracy movements. But 10 weeks ago student activist Wang Dan was sentenced to four years in jail for his part in peaceful democracy protest. Many other students have also been in prison for joining the demonstrations. Why did you break your word, Premier Li? And don't you feel compelled to (?back) your word and during the next year's NPC encourage a general clemency for students who are now in jail?

[Li Peng] The trial of Wang Dan is a completely different matter because he violated China's criminal law; also, as I just said, China's judiciary is independent. Therefore, it passes judgments or verdicts according to the criminal offense and the attitude of the people involved or any repentance they show. Also, according to what we have observed in the international arena, our verdict was rather lenient. As for those people who made mistakes during the 4 June incident, especially those young students, we have adopted a very lenient policy, a very relaxed policy, toward them. Our policy is mainly one of education; we let them sum up their experience. There was no stirring up of things. Under the banner of patriotism and socialism, we will unite with them so they can make contributions to the development of socialism.

I would like to answer a question that you have not yet raised so far, but someone might raise it later—that is, the question about the date of the 14th congress of the Communist Party of China. According to the CPC Constitution, the national congress of the party is convened once every five years. Since the last national congress was held in 1987, the next one will be held in 1992. I believe that the 14th national congress will be held according to schedule, not earlier. The party constitution stipulates that a national conference of party delegates may be held sometime between two national congresses, but we do not plan to convene such a conference this year or anytime before the 14th national congress either.

[Yao Guang] This news conference was originally scheduled to end at 1800 [1000 GMT]. Seeing that you had many questions, the premier extended it for half an hour. Now I declare the news conference over!

#### Editorial Hails NPC, CPPCC Sessions

OW0904211891 Beijing XINHUA Domestic Service  
in Chinese 0958 GMT 9 Apr 91

["RENMIN RIBAO 10 April Editorial: Jointly Undertake the Great Cause With One Heart and One Mind—Greeting the Conclusion of the Fourth Session of the Seventh National People's Congress and the Fourth Session of the Seventh National Committee of the Chinese People's Political Consultative Conference"—XINHUA headline]



[Text] Beijing, 9 Apr (XINHUA)—A hundred kinds of flowers have blossomed in Beijing in April. The Fourth Session of the Seventh National People's Congress [NPC] and the Fourth Session of the Seventh National Committee of the Chinese People's Political Consultative Conference [CPPCC], which have attracted great attention of people of all nationalities in the country, have successfully concluded.

The "two sessions," which were convened at a critical moment of our country's development of socialist modernization, were held in a very good manner with the concerted efforts of all deputies and members, and all items on the agenda were successfully completed. They are meetings of democracy, of unity, and of seeking truth as well as meetings to encourage the children of the Chinese nation to valiantly march toward the grand objectives by the end of this century.

The deputies and members have highly appraised the "Report on the Outline of the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development" made by Premier Li Peng and highly appraised the "program." They are convinced that the two documents have shown great foresight, sought truth from facts, and heightened people's spirit, and are programs for action in revitalizing the Chinese nation in the 1990's. The implementation of the 10-year program and the "Eighth Five-Year" Plan will set a new milestone in the history of pioneering work of the People's Republic of China and enable our country to stand towering like a giant among the family of nations in the world with a higher posture. The two sessions have formed an effective common voice: Adhering to the leadership of the CPC and keeping to the socialist system, the people of the entire country will struggle in unity, write newer and more beautiful chapters and paint newer and more beautiful pictures for the 1990's, and lay down a firm foundation for advancing toward even higher objectives in the next century.

Adopted by the NPC session, the Outline of the 10-year program and the "Eighth Five-Year" Plan has become the determination of the state and people of the entire country with authoritativeness and appeal. Now the objectives are shown, the policies are decided, and the tasks have been clearly explained. From now on, the most important work is to firmly implement them and turn this beautiful blueprint into a magnificent reality step by step.

To implement the "outline," the first thing is to earnestly study the "outline" and achieve unity in understanding and thinking. It is necessary to draw on the good experience in publicizing and implementing the five-year plans in the past; give wide publicity to the main work targets and basic guiding principles of the 10-year program and the Eighth Five-Year Plan; and publicize the tasks and demands of economic construction, social development, reform, and opening to the outside world so that they will strike roots in the hearts of the people. The "outline" is the substantiation of the party's basic

line for the initial stage of socialism, the 12 principles for building socialism with Chinese characteristics, and the "Proposals of the CPC Central Committee for the Drawing-Up of the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development" adopted at the Seventh Plenum of the 13th CPC Central Committee. We should combine the study of the "outline" with the study of the party's basic line, the 12 principles, and the "proposals" and grasp its spirit and essence. In particular, we should acquire a deep understanding of the five basic guiding principles: firmly taking the road of building socialism with Chinese characteristics; firmly advancing the drive of reform and opening to the outside world; firmly implementing the principle of sustained, stable, and coordinated development of the national economy; firmly carrying out the principle of maintaining independence, keeping the initiative in our own hands, relying on our own efforts, struggling hard, and building up our country through diligence and thrift; and firmly implementing the principle of building material and spiritual civilizations simultaneously. With a firm grasp of these principles, we will be able to keep our minds sober and adhere to the correct direction at all times in the course of complicated work of one kind or another.

The most profound source of the mighty strength for revitalizing China lies in the masses of people. The 10-year program and the Eighth Five-Year Plan themselves are the crystallization of the wisdom of the people throughout the country. To turn the program and plan into a reality is a huge systematic social project, which can only be accomplished by mobilizing and relying on the joint efforts of the hundreds of millions of people. The course of advancing vigorously toward the second-step strategic objective is a process in which the masses of people are making history and a process for the masses of people to understand and transform the world. In this process the fulfillment of all tasks, the conquering of various difficulties, the creation of new experience, and the perfection of the program and plan are all inextricably linked with the wisdom of the broad masses of people. The mass line is the basic line of our party and the people's government. Leading cadres at all levels should carry forward the spirit of serving the people wholeheartedly and strive to improve their style and method of leadership. They should persist in proceeding from reality in doing everything, be incorruptible in carrying out their official duties, and maintain contacts with the masses. It is necessary, through solid and meticulous work, to bring into full play the initiative and creativity of the broad masses and pool them together to form an unparalleled mighty combined force for the promotion of the four modernizations. Achievements in the next 10 years depend on our accomplishments during the first five years, and our accomplishments during these five years depend on how well we work in the first year. So we should guide the initiative of the masses toward making a success of this year's work.

Hard struggle is our glorious tradition and also a magic weapon to defeat the enemy, achieve victory, and surmount all difficulties. Through several decades of struggle, we have made very great achievements, and our comprehensive national strength is much greater than ever. Overall, however, our country is still rather backward as far as its level of economic, scientific, and technological development is concerned. The task before us is still very arduous, and we have to carry forward the fine tradition of hard struggle in a big way. The arduousness of the task in the next 10 years is not only reflected in the need to eliminate interference; maintain stable political, economic, and social development for a long time to come; achieve an average 6 percent annual growth rate of our gross national product; and double it by the end of this century, but, more intensivePy, it finds expression in the requirement that we should advance all aspects of the reform and initially establish a new system of the socialist planned commodity economy. It is by no means easy to fulfill the great historical cause in the 1990's. To blaze an unbeaten trail and scale a height no one has ever climbed, we must inherit and carry forward the spirit of hard struggle of our predecessors.

The 20th century is an earth-shaking century in the development history of the Chinese nation. The 1990's is an era for us to work together for a splendid future in the history of revitalization of the Chinese nation. The first-generation leading collective of the party Central Committee with Comrade Mao Zedong at the core initiated the fundamental cause for China's prosperity for thousands of years to come. The second-generation leading collective of the party Central Committee with Comrade Deng Xiaoping at the core found the road of building socialism with Chinese characteristics and created a new situation of the drive for socialist modernization. The third-generation leading collective of the party Cenral Committee with Comrade Jiang Zemin as the nucleus will certainly be able to lead the people around the country to unite as one, work together with one mind, advance victoriously along the road opened by the proletarian revolutionaries of the older generation, and write a new brilliant chapter in the realization of the great ideal of revitalizing China.

#### **Guizhou Deputies on Developing Minority Areas**

*HK0804131691 Guiyang Guizhou Provincial Service  
in Mandarin 2300 GMT 3 Apr 91*

[Excerpts] People's deputies from Guizhou Province attending the Fourth Session of the Seventh National People's Congress [NPC] expressed their views on the development of minority nationality areas. Their common views are: Only by speeding up the pace of development in minority nationality areas can the idea of common prosperity be truly embodied. Only by effectively integrating external support with the efforts exerted by minority nationality areas themselves can the development of minority nationality areas be promoted in a down-to-earth and forceful manner.

In his report, Premier Li Peng stressed the need to speed up development in minority nationality areas. Guizhou people's deputies are generally satisfied with this.

Deputy Wang Chaowen said: The area of Guizhou accounts for 1.8 percent of the total area of the whole country, whereas its population accounts for 2.88 percent of the total population of the whole country. The population of minority nationalities in Guizhou province accounts for 34 percent of the total population of the whole province. Over the past few years, the investment of the state in Guizhou in terms of capital construction projects only accounted for about 1 percent of its investments in the whole country. This situation should be rapidly changed.

Deputy (Luo Pingyi) said: In the coming 10 years, minority nationality areas should develop their economy, and the problem of their backwardness in education, culture, public health, science and technology, and others should also be solved. Therefore, support and assistance for minority nationality areas should be provided in various aspects. How should advanced areas assist minority nationality areas? Specific requirements should be put forward in this regard in light of different conditions in the relevant localities. While making a decision on economic policy and the policy of reform and opening up, minority nationality areas should be taken into consideration.

Deputy (Wen Jiwei) stressed: The CPC Central Committee and State Council should strengthen macroscopic regulation and control, so that the eastern region can help the western region economically and technologically in an organized and planned way. After arrangements are made, investigation of their results must be conducted. This is particularly the case with minority nationality areas in the western part of China. [passage omitted]

Deputies (Wu Bangjian), (An Yifu), (A Lie), (Xu Chengdong), (Guo Liangde), (Wang Demao), (Lu Dengyi), and others dwelt on speeding up the development of cultural, educational, scientific and technological undertakings. They also talked about relations between enhancement of the quality of population and the development of minority nationality areas. They believed that promoting scientific and technological development in minority nationality areas, and training of talented personnel of minority nationality origin should be carried out with specific and comprehensive measures fully provided. We should gradually improve management systems and methods for various kinds of education. We should strengthen the training of teachers' contingents of various kinds. We should take strong and forceful measures to improve the situation in remote and mountain areas that there is a serious shortage of teachers, and that talented personnel do not want to work or stay in those areas. They stressed that invigorating Guizhou with science and technology should be organically integrated with invigorating Guizhou with education. They should support and promote each other. At present, in the course of fulfilling a specific target of invigorating



Guizhou with science and technology, we should exert our main efforts to develop vocational education and basic education to fully make use of talented personnel of various kinds.

Deputies from Yuxi prefecture expressed their views on carrying forward national culture, and strengthening ideological and moral education for youngsters.

#### **Wu Guanzheng on Jiangxi's Development Strategy**

*OW0904091891 Beijing XINHUA Domestic Service  
in Chinese 1446 GMT 8 Apr 91*

[“Invigorating Jiangxi's Economy With Reform and Opening: Deputy Wu Guanzheng on Jiangxi's Development Strategy for the 1990's; by reporters Wang Yuncai (3769 6663 2088) and Liu Haimin (0491 3189 3046), exclusively for JIANGXI RIBAO”—XINHUA headline]

[Text] Beijing, 8 Apr (XINHUA)—Jiangxi Provincial Governor Wu Guanzheng, a deputy attending the Fourth Session of the Seventh National People's Congress [NPC], summed up Jiangxi's development strategy for the 1990's as the following: Making full use of Jiangxi's resources and special economic position to further broaden the scope of opening and to strengthen its economic and technological cooperation and exchange with other localities, to gradually form a progressive, opening pattern—from special open zones in coastal areas to the Ganzhou Zone for Experimenting on Reform of the Economic System, and to inland counties and prefectures.

Wu Guanzheng pinned his hope on opening to other localities and the outside world. He said: The state's adoption of the strategy of developing the coastal areas' economy has brought new opportunities to, as well as new pressure on, Jiangxi, which is adjacent to the coastal areas. After careful analysis, the Jiangxi Provincial CPC Committee and government adopted the policy “supporting, following, and replacing,” in an effort to establish a mutual-supporting relationship between Jiangxi and the coastal areas to achieve common prosperity. In particular, we made a strategic breakthrough in Ganzhou Prefecture, which is adjacent to Guangdong and Fujian, establishing, in 1988, the Ganzhou Prefectural Zone for Experimenting on Reform of the Economic System. After notable results were achieved in Ganzhou, the provincial CPC committee and government applied the great majority of policies adopted for Ganzhou to 18 counties and prefectures bordering Fujian, Zhejiang, and Ganzhou Prefecture.

Wu Guanzheng said reform and opening had accelerated Jiangxi's economic development. He said, during the Seventh Five-Year Plan period, total output value in Jiangxi grew at an average annual rate of 7.3 percent, its total industrial and agricultural output value increased at a rate of 10.5 percent, its financial revenues at a rate of 13.9 percent, and the per capita net income of peasants increased from 377 to 580 yuan. The entire economy of the province was filled with new vitality.

Turning to reform and opening in the 1990's, Wu Guanzheng first pointed out: We should regard further emancipating the mind as a key task to be performed. We should educate people with the idea of a planned commodity economy accommodating large-scale socialized production, especially the idea of market and value; we should promote the spirit of competition and pioneering; we should urge people to proceed from reality and work with a creative spirit.

Wu Guanzheng said: We should regard using foreign and Taiwan capital and importing technologies as the focal point of Jiangxi's efforts to broaden the scope of opening, and pay attention to improving work quality and efficiency. We should strive to manage well and set up more of the three kinds of enterprises with foreign capital, and promote the three forms of import processing and compensation trade. In addition, we should strive to use more foreign funds to accelerate established enterprises' technological transformation and to bring further development in agricultural, energy, transport, and other key industrial fields. We should also import foreign funds to upgrade technology in township and town enterprises with good economic efficiency.

Wu Guanzheng continued: Jiangxi will continue to carry out the policy “supporting, following, and replacing,” and give positive support to Pudong's opening and development. Ganzhou Prefecture should broaden the scope of reform, further open its doors to other localities and the outside world, strengthen its economic association with Guangdong and Fujian, set its eyes on the markets in those two provinces, and quicken the pace of readjusting its industrial structure. We shall quicken Jiujiang City's opening, prepare for foreign ships' berthing in the city's port, study the feasibility of establishing a development zone in the city, and endeavor to develop specialized wholesale markets there. Shangrao Prefecture, Jingdezhen City, and Yingtan City should concentrate on developing an association with Pudong, and, aiming at national construction and Pudong's development, carrying out their work in a positive manner.

Wu Guanzheng said, in earnestly developing import and export business and in gradually raising the percentage of export volume in the province's total output value, we should take measures to readjust the mix of export products, raise the quality and credibility of products, improve management, reduce the costs in terms of foreign exchange, reduce losses in foreign trade, and further expand international markets.

Wu Guanzheng said that, in the 1990's, Jiangxi will continue to improve its investment climate, further refine its preferential policies designed to encourage foreign investment, cultivate more specialized people for foreign trade, raise these people's management skills and professional quality, simplify operational procedures, and improve work efficiency.

**Li Changchun, Deputies Discuss Family Planning***OW0904154991 Beijing XINHUA Domestic Service  
in Chinese 1504 GMT 8 Apr 91*

[By reporter Ma Kuijun (7456 7608 0689)]

[Text] Beijing, 8 Apr (XINHUA)—“If the population is not controlled, a relatively comfortable living standard will be out of the question.” Deputies attending the Fourth Session of the Seventh National People’s Congress [NPC] have a profound common understanding of this issue. They pointed out: We should strengthen “the sense of per capita” [meaning that a large population would reduce the per capita share of income and resources] among hundreds of millions of people to enable every citizen to understand the “significance of family planning.” Our country has a vast territory with a large population, most of which is comparatively low in educational level. In remote rural areas in particular, the work of family planning is always a very difficult task. However, family planning work must be done efficiently in order to attain a relatively comfortable living standard by the end of this century.

“Starting with strengthening the sense of per capita is a good method of doing an effective job in family planning,” Deputy Lai Xuezhong, chairman of the Gansu Provincial Family Planning Commission, said. “In implementing family planning, just talking about major principles does not work. We should make the masses feel that the work concerns their personal interests. Only by doing so will it be easier to carry out this task.” He cited Gansu as an example. In the past, family planning work in Gansu compared unfavorably to that in other parts of the country. Until 1989, nine out of 14 prefectures and cities had yet to complete their family planning work. Last year, Gansu altered its way of thinking. While signing a responsibility agreement on population control targets with various localities, principal responsible comrades of the provincial government repeatedly stressed that, in assessing the work performance of a locality, we should look, not only at its general economic index but, more importantly, at its per capita share of economic resources as well. Later, population control and the per capita share of economic resources were considered two items of the “tough work performance appraisal.” If the two items were not fulfilled, no consideration would be given to naming it in the honor roll for advanced or cash awards, no matter how well it had performed its other work. Furthermore, leaders of the locality would be investigated for their responsibility in this regard. After a year of effort, the natural growth rate of population decreased from 19.02 per 1,000 to 14.48 per 1,000, and the birthrate decreased from 23.82 per 1,000 to 20.68 per 1,000. The birth control rate reached 90 percent throughout the province, and the comprehensive birthrate came down from one among the top few to one below 15th in the country.

Lai Xuezhong said: Last year, governments at various levels in Gansu gave wide publicity to “the sense of per

capita.” They used data to explain that, because of a large population, poor population quality, and an undeveloped economy, the per capita income and the total output value of goods and services for Gansu were both ranked near the bottom in the nation. This was aimed at strengthening the sense of crisis among the masses. According to statistics, in Gansu’s 85 counties and 181 townships over 7,000 people were organized to publicize family planning, over 90 types of instructional material were compiled and published, over 440,000 copies of such materials were distributed, and nearly half a million people were reached by such publicity. Feedback from the masses showed that this type of publicity was practical and aroused enthusiasm. For the first time, the significance of family planning for each family stood out.

“‘Per capita’ is a reliable and scientific concept,” NPC Deputy Li Changchun, governor of Henan Province, said. “Henan is a big province, and the total quantities of many of its products are considerable. For example, the total output value of goods and services for Henan ranks sixth in the nation, its agriculture fifth, its wheat first, its coal second, its cotton third, its tobacco second, and its gold output second. However, all these were ranked below 20th when they were calculated on a per capita basis. The reason is that the denominator of population was too large. Therefore, if the population is not controlled, economic development will be heavily curtailed.

Li Changchun readily advocated performing family planning work by starting with strengthening “the sense of per capita.” “If the masses are not enabled to see the real benefits, family planning would have no significance; if the population were not brought under control, plans would fail, no matter how magnificent they were.” He then said: It has been put forward that, during the Eighth Five-Year Plan, Henan Province will set “one higher and one lower target” as its objective of struggle: The province’s economic growth rate is to be higher than the national average, and its population growth rate is to be lower than the national average. Only thus, will there be a prospect for Henan’s per capita income to approach the national level and to achieve a relatively comfortable living standard as early as possible.

**Closing Session Adopts Resolutions, Laws***OW1004061791 Beijing XINHUA Domestic Service  
in Chinese 0952 GMT 9 Apr 91*

[Text] Beijing, 9 Apr (XINHUA)—After voting on various deliberated proposals, the Fourth Session of the Seventh National People’s Congress [NPC] came to a close at the Great Hall of the People this afternoon.

The session approved the “Outline of the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development” put forward by the State Council and a report made by Premier Li Peng on the outline. A resolution adopted by the session on the outline and the report calls on the people of all nationalities throughout the country, with a strong sense of historic responsibility and a awareness of the urgency of the times, to plunge vigorously into the great practice of

construction and reform, to work hard with one heart and one mind to accomplish the sacred mission entrusted us by history, and to carry out in an all-around way the magnificent tasks set in the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development.

During its 16-day session, the highest organ of state power in our country earnestly deliberated the blueprint for national economic and social development in the last decade of the 20th century. According to deputies' deliberative opinions, the "outline" and Premier Li Peng's report were revised in nearly 100 places. When the two documents, which reflect the wishes of the people across the country and embody their will, were adopted by the session, warm applause broke out in the great hall.

At 1500, Wan Li, Peng Chong, Ngapoi Ngawang Jigme, Seypidin Aze, Yan Jici, Rong Yiren, Ye Fei, Liao Han-sheng, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, and Wang Hanbin, executive chairmen of the presidium, took their seats on the rostrum along with Jiang Zemin, Yang Shangkun, Li Peng, Li Xiannian, Qiao Shi, Song Ping, Li Ruihuan, and Wang Zhen.

Executive Chairman Wan Li, chairman of the NPC Standing Committee, presided over today's session, which was attended by 2,610 deputies.

Pushing the buttons on the voting machines, the deputies first took a vote on a resolution on the outline and the report on the outline. Then, they adopted a resolution on the implementation of the 1990 plan for national economic and social development and on the 1991 plan for national economic and social development as well as a resolution on the implementation of the 1990 state budget and on the 1991 state budget.

Today's session also voted on and adopted the "Civil Procedure Law of the People's Republic of China." This law consists of four parts and 29 chapters, including general principles, trial procedure, procedure of execution, and special stipulations for civil procedures involving foreign interests. The adoption of this important law indicates new progress made in strengthening the socialist legal system. This law will come into force upon promulgation, and the "Civil Procedure Law of the People's Republic of China (for trial implementation)" will be repealed at the same time.

The session also voted on and adopted the "Income Tax Law of the People's Republic of China Governing Enterprises With Foreign Investment and Foreign Enterprises." This law, consisting of 30 articles, will come into force as of 1 July 1991. The income tax law for Chinese-foreign joint ventures and the income tax law for foreign enterprises will then be repealed at the same time.

Today's session also adopted a resolution on the report about the work of the NPC Standing Committee and

resolutions on the reports about the work of the Supreme People's Court and the work of the Supreme People's Procuratorate.

At 1535, Chairman Wan Li declared the Fourth Session of the Seventh NPC closed. A military band played the majestic national anthem of the PRC.

Also seated on the rostrum today were Tian Jiyun, Li Tieying, Li Ximing, Wu Xueqian, Qin Jiwei, Ding Guangren, Bo Yibo, Liu Huaqing, Yang Baibing, Wen Jiabao, Zou Jiahua, Wang Bingqian, Song Jian, Wang Fang, Li Guixian, Chen Xitong, Chen Junsheng, Qian Qichen, Ren Jianxin, Liu Fuzhi, Wang Renzhong, Hong Xuezhi, Gu Mu, Yang Jingren, Kang Keqing, Zhou Peiyuan, Wang Guangying, Zhao Puchu, Ma Wenrui, Wang Enmao, Hu Sheng, Sun Xiaocun, Cheng Siyuan, Su Buqing, Ismail Amat, Hou Jingru, and Ye Xuanping.

Responsible persons of central organs of the party, the government, and the army, as well as responsible persons of various democratic parties and mass organizations, attended the session as observers.

Diplomatic envoys to China were visitors at the session.

## Political & Social

### Deng Xiaoping Unhurt in Minor Traffic Accident

HK0604031491 Hong Kong SOUTH CHINA  
MORNING POST in English 6 Apr 91 p 1

[By John Kohut in Beijing]

[Text] A luxury car carrying China's patriarch Mr Deng Xiaoping was involved in a collision with an ambulance at an intersection in Beijing this week, apparently because of confusion over who had the right of way—Mr Deng, or a pregnant prisoner needing emergency medical treatment.

Sources in Beijing said Mr Deng, 86, was returning from a haircut on Tuesday when the accident occurred.

His Mercedes-Benz entered an intersection when a green jeep with a flashing light on top came through.

The ambulance was carrying a state prosecutor accompanying a pregnant prisoner to a hospital.

Both of the cars moved into the intersection. Police were present, but apparently hesitated momentarily, trying to decide who deserved priority.

Mr Deng's car went ahead, but the ambulance did not stop and the vehicles crashed.

No one was hurt, according to the sources.

However, the driver of the ambulance was apprehended, his licence plates removed, and his car confiscated.

He was under investigation on suspicion of having purposefully run into Mr Deng's car, according to the sources.



### Li Peng, Li Ruihuan Meet Teacher Fund Members

OW0704095391 Beijing XINHUA in English  
0915 GMT 7 Apr 91

[Text] Beijing, April 7 (XINHUA)—China has given awards to more than 560,000 teachers in secondary and primary schools since a teachers fund was set up five years ago, a government official said here today.

Chinese Premier Li Peng, Li Ruihuan, a member of the Political Bureau Standing Committee of the Chinese Communist Party Central Committee, Vice-President Wang Zhen, and State Councilor Li Tieying today met with the council members of the fund, encouraging China's 10 million secondary and primary school teachers to make greater contributions to China's education.

Vice-President Wang Zhen called on the whole society and overseas friends to support the fund in order to give awards to more teachers.

The fund has raised more than 70 million yuan so far.

### Jiang Zemin, Li Ruihuan Celebrate Actor's Career

OW0704074691 Beijing XINHUA Domestic Service  
in Chinese 1606 GMT 6 Apr 91

[By reporter Zhao Lanying (6392 5695 5391)]

[Excerpt] Shanghai, 6 Apr (XINHUA)—Wearing a red flower on his chest, he mounted the rostrum amid the thunderous applause of the audience. Activities to celebrate Yu Zhenfei's 70-year theatrical career were held in a festive and warm atmosphere today.

Yu Zhenfei's 70-year acting career embodies his unflagging efforts and extraordinary achievements, and carries with it the love and respect of his audience. General Secretary Jiang Zemin wrote a congratulatory message which reads: "Consummate art." In a congratulatory letter to Yu Zhenfei, Comrade Li Ruihuan highly praised the urbane, elegant, and scholarly "Yu" style that the actor fostered in his 70-year artistic career, and his accomplishments in training a large number of prominent young and middle-aged Beijing and Kunqu opera stars and in reaching the peak of the times in the Kunqu operatic singing art. He also spoke highly of the actor's "spring silkworm's" spirit of working unremittingly to rejuvenate the Beijing and Kunqu operas; his warm love for the party and the motherland; and his major contributions toward the cause of promoting socialist drama and outstanding national culture. [passage omitted]

### Chen Junsheng Praises Youth for Afforestation

OW0704094891 Beijing XINHUA Domestic Service  
in Chinese 1055 GMT 6 Apr 91

[By RENMIN RIBAO reporter Yuan Jianda (5913 1696 6671) and XINHUA reporter Hu Xiaomeng (5170 2556 1125)]

[Text] Beijing, 6 April (XINHUA)—A national mobilization meeting to commend outstanding youth for greening the motherland was held in Beijing today. State Councillor Chen Junsheng attended and spoke at the meeting. He said: Young people of various nationalities throughout the country are shock brigades for greening the motherland, as well as for promoting socialist modernization. The party and people earnestly hope that young people would assume the heavy task of greening the motherland, continue to stand at the forefront of voluntary tree-planting, and use their wisdom and hard efforts to accomplish good deeds in afforestation.

He said: In order to assume the heavy task of greening the motherland, young people must take lead in carrying forward the pioneering spirit of hard struggle, participating in key afforestation projects, studying and applying forestry science, and becoming defenders of forests.

Song Defu, first secretary of the Central Committee of the Communist Youth League [CYL], also spoke at the meeting. He asked CYL organizations to continue grasping the work of encouraging youth to take part in afforestation during the "Eighth Five-Year Plan" period, further promote young people's greening activities in an extensive and solid manner, and educate young people to make new contributions to developing forestry work in our country and speeding up the greening of China's land.

It was learned that, since 1985, more than 200 million young people and teenagers have been taking part in tree-planting activities every year. They have taken part in more than 5,500 youth greening projects, with a total acreage of more than 23 million mu. In particular, youth greening projects engaged by young people and teenagers of our country in the course of construction and reform have won praise from society for their benefits. Those projects are the youth's great creative work in greening the motherland.

At the meeting, the CYL Central Committee, the All-China Greening Committee, and the Forestry Ministry announced their decision to commend the Gansu 10,000-mu youth afforestation project and 105 other outstanding youth greening projects, the CYL Committee of Fengyang Township of Fengyang County in Anhui Province and 330 other youth shock afforestation brigades, and the family of Xie Yixing, who specializes in forestry in Nanxi Village of Fengtian Township in Jiangxi's Tonggu County, and 369 other shock workers who have helped make the motherland green.

The CYL Central Committee, the All-China Greening Committee and the Forestry Ministry called on the broad masses of CYL members, young people, and teenagers to learn about greening from the shock brigades and shock workers commended at today's meeting, carry forward a patriotic and hard-working spirit, work hard in a solid manner, and use their youth and sweat to write a new chapter in the greening of the motherland.

Song Renqiong, Peng Chong, and Wang Renzhong all wrote inscriptions for the meeting.

**Propaganda Forum Marks Mao Article Anniversary**

*OW0504190591 Beijing Domestic Service  
in Mandarin 1030 GMT 5 Apr 91*

[From the "National Hookup" program]

[Text] The Propaganda Bureau of the Central Propaganda Department and the journal DANGJIAN invited some veteran comrades to a forum to mark the 50th anniversary of publication of Comrade Mao Zedong's brilliant article "Reform Our Study" this morning. The forum called for reviewing the Marxist work style of integrating theory with practice and seeking truth from facts, a work style Comrade Mao Zedong advocated, and for promoting the study of socialist theories and strengthening party building.

On the eve of the Rectification Movement in Yanan in May 1941, Comrade Mao Zedong delivered a report, entitled "Reform Our Study," at a meeting of high-ranking cadres in Yanan. Comrade Mao Zedong clearly and definitely pointed out in the report that the basic Marxist-Leninist principle of integrating theory with practice is the guiding principle for all the work of our party.

Comrade Wang Zhen wrote the following inscription to mark the 50th anniversary of the publication of the article: Proceed from reality, build socialism with Chinese characteristics, and work hard for communist ideals.

Deng Lihou, member of the Central Advisory Commission, attended the Yanan cadres' meeting during which the report "Reform Our Study" was delivered. He recalled the repercussions caused by the article in the party then. He said that the article at that time greatly raised the cadres' ideological understanding and brought about an unprecedented unity of the party. With such experience, he said that we should willingly accept the truth that our predecessors discovered through arduous search, and we should work hard for the truth.

Wang Congwu and Guo Hongtao, members of the Central Advisory Commission, also recalled the occasion when they were listening to Chairman Mao's report. They said: The report is of great significance today, and it should be studied in conjunction with our current policy of reform and opening to the outside world. The high-ranking cadres of our party should examine themselves against an antithetical couplet written by Mao Zedong then. The couplet says that reeds grown on a wall have shallow roots and bamboo shoots in the mountain are pointed, thick-skinned and hollow [describing sharp-tongued, thick-skinned people of poor knowledge], warning people against committing subjective, sectarian and dogmatic mistakes.

Yuan Baohua, member of the Central Advisory Commission, said: The article "Reform Our Study" put forward the line of seeking truth from facts. Since the Third Plenum of the 11th CPC Central Committee, we have restored and upheld this line and brought about changes in our country, changes that have attracted

worldwide attention. We should improve the quality of cadres, assume a correct style of study, and pay more attention to investigation and research.

Yuan Baohua expressed his belief that we surely can attain our second-step strategic objective in the next 10 years so long as our party adheres to the line of seeking truth from facts.

Other speakers at the forum included Gao Yang, Chen Yeping, Li Lian, and (Tang Xianzhi).

**'Newsletter' on Formulation of 10-Year Program**

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in Chinese 0127 GMT 6 Apr 91*

["Newsletter: Lighthouse That Illuminates A 10-Year Voyage: On the Conception of the Outline of the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development; By XINHUA reporters Li Shangzhi (2621 1424 1807) and He Ping (0149 1627)"]—XINHUA headline]

[Text] Beijing, 6 April (XINHUA)—Ten years, another ten years.

The Chinese nation is standing at a new historical starting line.

Advancing from the condition of having just enough food and clothing to the condition of being comfortably well off and doubling the the GNP are policy decisions of the party Central Committee, as well as the aspirations of hundreds of millions of people. More than 2,600 deputies at the Fourth Session of the National People's Congress [NPC] will cast their solemn votes on this matter.

The Great Hall of the People in Beijing, where the will of the 1.1 billion Chinese is focused, is reverberating with the most powerful tone of the 1990's.

**A Farsighted Policy Decision**

In 1990, when the Seventh Five-Year Plan was about to be successfully completed, the party Central Committee showed great foresight by looking toward the last decade of this century.

If we say that during the 30 years since the founding of the PRC, due to various interferences, we were unable to consistently make economic construction the tune of our times, then the 11th CPC Central Committee did open a golden age for us and concentrated our energies on modernization.

Ever since the Third Plenum of the 11th CPC Central Committee, the central authorities have divided China's economic development strategy into three steps. This correctly reflects the objective process for a big and economically backward country like ours in its gradual accomplishment of modernization. It also shows that we have a better understanding of the law of economic

development and China's general conditions. Accomplishing the second-step strategic goal, as a link between the past and the future, is of decisive significance for China's modernization drive.

It is precisely out of concern for the long-term plan of the state and the lasting cause of the Chinese nation that the party Central Committee and the State Council have paid utmost attention to formulating the grand blueprint for the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development, have made the necessary preparations, and have exhausted all available resources for that purpose.

Shortly after New Year's Day 1990, in accordance with the party Central Committee's decision, the drafting of this blueprint formally began. In their discussion of the general idea of this blueprint, the central leading comrades clearly presented a two-point suggestion:

1. The "Eighth Five-Year" Plan and the 10-year program should be formulated simultaneously. We may look further into the future when drawing up the five-year plan in keeping with the general trend and goal of struggle in economic development in the next 10 years.

2. We should first study the basic line of thought for the 10-year program and the "Eighth Five-Year" Plan; clearly master the general international and domestic situation; and determine the direction, principles, and policies of construction and reform in major aspects, proceeding with concrete matters in formulating the 10-year program and the "Eighth Five-Year" Plan.

That was the first time in the PRC's history that a five-year plan and a 10-year program were formulated simultaneously. It shows that the CPC, as China's governing party, has a high sense of responsibility and that it thinks deeply and plans carefully for the motherland's destiny and the people's interests. This also reflected the objective requirements of the socialist modernization drive and the law of development of a planned commodity economy.

#### **A Blueprint Meticulously Drawn [subhead]**

Early last year, the party Central Committee and the State Council entrusted the task of drafting the outline of the program to the State Planning Commission, the department in charge of the nation's macroscopic economic planning. On the basis of opinions solicited from all departments, localities, and experts and scholars concerned, the State Planning Commission began to draft the "Basic Line of Thoughts" in formulating the program.

Meanwhile, General Secretary Jiang Zemin invited veteran comrades, long involved in economic work, officials from economic departments, experts and scholars in economic theory, and plant directors and managers to a discussion meeting to hear their opinions on economic work and on the formulation of the 10-year program and

the "Eighth Five-Year" Plan, drawing upon collective wisdom, absorbing all useful ideas, and accepting a wide range of good suggestions.

As summer turned to autumn, a draft of the "Basic Line of Thoughts," over 24,000 words long, was delivered into the hands of central leading comrades. The draft listed the tremendous achievements and major problems of China's socialist construction in the 1980's, described major problems that should be solved in the next decade and during the "Eighth Five-Year" Plan period, and presented the direction of and primary measures for deepening reform.

Shortly thereafter, a meeting of the members of Standing Committee of the Political Bureau of the CPC Central Committee and a State Council Premier Office Work Meeting, respectively chaired by General Secretary Jiang Zemin and Premier Li Peng, were held to discuss and revise this "Basic Line of Thoughts."

Based on the opinions presented at the two meetings mentioned above, some additions and revisions were made to the "Basic Line of Thoughts." In mid-September, the party Central Committee and the State Council held an economic work conference to discuss the revised "Basic Line of Thoughts."

Responsible persons of the various ministries and commissions of the central authorities, as well as the provinces, autonomous regions, and municipalities attending the meeting, affirmed the general design of the "Basic Line of Thoughts," and offered many constructive ideas for augmenting and perfecting this "Basic Line of Thoughts." On this basis, more additions and revisions were made to the "Basic Line of Thoughts."

In early October, the CPC Central Committee decided to hold the Seventh Plenum of the 13th CPC Central Committee by the end of the year, and to present the Proposals for Drawing Up the 10-Year Program and the "Eighth Five-Year" Plan for National Economic and Social Development. For this purpose, a special drafting group was set up. After a few months of busy work, the drafting group presented a draft of the "Proposals."

On 6 December 1990, a meeting of the members of the Standing Committee of the Political Bureau of the CPC Central Committee, chaired by General Secretary Jiang Zemin, was held to discuss and closely examine the implications of each word and sentence in the draft "Proposals." It made more than 100 changes to the draft. That meeting decided that before holding the Seventh Plenum of the 13th CPC Central Committee, opinions on the draft "Proposals" would be widely sought from all provinces, autonomous regions, municipalities, central and state organs, all ministries and commissions, all large military units, all democratic parties and groups, and civic organizations, as well as from experts and scholars concerned.

On 17 December, General Secretary Jiang Zemin invited responsible persons from democratic parties and groups and



some nonparty personages to Huairan Hall in Zhongnanhai to personally hear their opinions on the draft "Proposals." These non-CPC personages aired their views and frankly offered their opinions of the draft "Proposals."

At the same time, opinions from all localities and sectors regarding revisions to the draft were flowing into Zhongnanhai. In less than two weeks, more than 150 copies of written opinions were received. The drafting group studied these opinions one by one, and again made more than 400 revisions to the draft "Proposals."

On 22 December, the Political Bureau of the CPC Central Committee held a meeting to discuss and revise the draft "Proposals." It granted its approval in principle and decided to submit that draft to the Seventh Plenum of the 13th CPC Central Committee for deliberation.

From 25 to 30 December, the Seventh Plenum of the 13th CPC Central Committee, which attracted the world's attention, was held in Beijing. The meeting heard Comrade Li Peng's explanation of the draft "Proposals." The plenary session earnestly discussed the grand blueprint vital to China's development over the next decade and unanimously adopted the "Proposals." At the meeting's close, Comrade Jiang Zemin delivered an important speech. He pointed out that the "Proposals" is the program of action for us in realizing the second-step strategic goal and signals a new stage of development in China's socialist modernization drive.

Shortly after New Year's Day 1991, a State Council Premier Office Work Meeting, chaired by Premier Li Peng, was held to study and plan for economic work and make preparations for holding the Fourth Session of the Seventh NPC. The meeting decided to follow the guiding thoughts of the "Proposals" of the CPC Central Committee, compile the Outline of the 10-Year Program and the "Eighth Five-Year" Plan as soon as possible, and, at the same time, draft the State Council's Report on the Outline, to be jointly submitted to the Fourth Session of the Seventh NPC for deliberation.

In early February, the draft of the report was delivered to Premier Li Peng, who reviewed it and made revisions during the period of Spring Festival.

From late February to early March, a meeting of the Standing Committee of the Political Bureau of the CPC Central Committee and a State Council Executive Meeting, respectively chaired by General Secretary Jiang Zemin and Premier Li Peng, were held to discuss and revise the draft report. After these meetings, the drafts of the report and the Outline were forwarded to the plenum of the State Council for discussion, and were printed and distributed to all localities and departments throughout the country to widely solicit opinions again.

On 15 March, the report, with revisions made based on the solicited opinions, was submitted to the Political Bureau of the CPC Central Committee for discussion. The meeting approved this report in principle.

The report, which had been repeatedly revised, was printed and distributed to all NPC deputies and members of the National Committee of the Chinese People's Political Consultative Conference [CPPCC]. At the opening of the Fourth Session of the Seventh NPC on 25 March, Premier Li Peng delivered the report on the 10-Year Program and the "Eighth Five-Year" Plan for National Economic and Social Development. The more than 2,600 deputies attending the meeting, as well as more than 1,800 CPPCC members attending the Fourth Session of the Seventh CPPCC National Committee, through repeated deliberations and careful discussions, offered many opinions and suggestions, based upon which the State Council again made some 100 revisions to the report.

The process that began with the "Basic Line of Thoughts," continued with the "Proposals" and the "Outline," and ended with the "Report" can be regarded as having fully developed socialist democracy. It was also a crystallization of the collective wisdom of the whole party and the whole people.

#### **An Answer to Challenges From Practice**

"The practice of reform, opening to the outside world, and modernization in China in the 1980's has provided a wealth of experiences. In a word, experience teaches us that we should combine the universal truth of Marxism with China's specific realities, take our own road, and build socialism with Chinese characteristics."

This passage in Premier Li Peng's report contains extremely profound implications.

A living life remains evergreen. Great theories will acquire everlasting vitality only when they are combined with great practice.

More than 40 years of trials and hardships have enabled us to gradually learn how to master the quintessence of Marxism: Do not only rely on book knowledge, do not only rely on instructions from above—rely only on realities.

One who has reached the age of 40 does not have doubts. We have become mature. Now is the time for us to give definite answers to the questions posed to us by practice.

The "Proposals" adopted by the Seventh Plenum of the 13th CPC Central Committee summed up the basic theory and practice of socialism with Chinese characteristics, which boiled down to 12 basic principles. Presenting a basic outline of socialism with Chinese characteristics, these principles not only encompass the general characteristics of socialism, but also depict the Chinese characteristics of socialism. Some of these are the basic principles we have consistently upheld in the past decades. They have developed anew and acquired new features under the new historical conditions. Others are a crystallization of the new experiences gained in the course of reform and opening to the outside world, as well as in the modernization drive.

These 12 principles are the 12 foundation stones for building the socialist mansion in China.

Poverty is not socialism. Faced with this grim question vital to the prosperity, decline, honor, and disgrace of the Chinese nation, the Chinese Communists have reawakened: We should unwaveringly uphold economic construction as the center, uphold the four cardinal principles, and uphold reform and opening to the outside world. This is a profound inspiration provided by positive and negative historical experiences in the past 40 years and more since the founding of the PRC. This is a consensus reached by the whole party through repeated successes and failures, as well through experiences and lessons.

Based on this understanding, the report presented basic guiding principles for economic construction and social development in the next decade: It is imperative to firmly take the road of building socialism with Chinese characteristics; firmly promote reform and opening to the outside world; firmly implement the principle of maintaining sustained, steady, and coordinated economic development; firmly implement the principle of independence, self-reliance, hard struggle, and building the country through thrift and diligence; and firmly implement the principle of simultaneously promoting the development of material and spiritual civilization.

The five "firmnesses" indicate that our party has become more mature in guiding work in economic and other fields.

Mass media at home and abroad have noticed that Premier Li Peng's report emphasized, in many places, the need to continue to deepen reform and open wider to the outside world.

No matter how the international and domestic situation changes, the line of reform and opening to the outside world initiated by Comrade Deng Xiaoping, chief architect of socialist modernization in China, will be carried on by the new generation of the collective leadership of the CPC and will extend along the path of accomplishing socialist modernization in China.

The final 10 years of this century are approaching.

The prosperity, decline, success, and failure of socialism, the destiny and future of the Chinese nation, and lasting peace and order in the PRC will be put to rigorous tests in these 10 years.

The voyage has begun.

The lighthouse is lit.

The Chinese nation, which has contributed its four great inventions to humanity, will definitely make lasting achievements parallel to its ancestors as it marches along the new historical path of building socialism with Chinese characteristics.

### State Council Spokesman Yuan Mu Interviewed

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[By BEIJING REVIEW staff reporter Dong Yuguo: "Looking Towards Modernization by the Mid-21st Century"—first paragraph is editor's note]

[Text] Entrusted by President Yang Shangkun, Yuan Mu, spokesman for the State Council and director of the State Council Policy Research Office, met and had a talk with U.S. journalist Harrison E. Salisbury on 28 January 1991. Following is the full text of their talk. Some of the figures contained in the original have been corrected. The title and subheads are ours.

[Salisbury] I know you have a very deep understanding of government policies and that you also have a good idea about China's future prospects. Could you speak about these in some detail?

[Yuan Mu] A few days ago, when President Yang Shangkun met you, he outlined the economic and social development plan for the next ten years. I will now give you some more details and do my best to answer all of your questions.

Towards the end of 1978 and in early 1979, our country saw the convocation of the Third Plenum of the 11th Chinese Communist Party Central Committee, an event of great historic importance. Thereafter, in accordance with the proposal made by Comrade Deng Xiaoping, the CPC Central Committee set forth the strategy for China's modernization construction, a strategy to be carried out in three steps. The first step called for doubling the 1980 gross national product [GNP] in the ten years between 1981 and 1990 and basically solving the problem of food and clothing for the people. The second step called for doubling the 1990 GNP in the ten years between 1991 and 2000 and enabling the people to lead a well-to-do life. The third step envisioned catching up with the moderately developed countries in China's per-capita share of the GNP by the mid-21st century, say, the year 2030 or 2050, and basically achieving modernization. By then, the people will lead a fairly affluent life. The Seventh Plenum of the 13th CPC Central Committee, convened not long ago, confirmed once again the correctness of this strategic policy and its conformity with the Chinese situation.

The first-stage goal has been met. In the next ten years beginning this year, we will work hard to achieve the second step, which calls for an average annual economic growth of about 6 percent over ten years. This rate of growth is somewhat lower than the speed of development which we have achieved in the 1980's. In the 1980's, as we carried out the Sixth and Seventh Five-Year Plans, the economic growth rate reached 10.1 percent during the Sixth Five-Year Plan and 7.6 percent during the Seventh Five-Year Plan. Therefore, in the next ten years,



a 6 percent growth of our economy is a moderate achievement and is certain to be achieved given our continued efforts.

But there are two factors which have impressed upon us that the fulfillment of this goal will not be easy. First, compared with the 1980's, the cardinal figures of our economy in the 1990's are much larger. Calculated in accordance with prices of the same year, the GNP in 1980 was 447 billion yuan and shot up to 1,740 billion yuan in 1990. Given this situation, in the next ten years, every increase of 1 percentage point entails much greater material quantity. This will bring more difficulties. Second, our economic structure at present is not rational enough and our economic results are not high. The focus of our future economic work should, therefore, be on efforts to optimize the economic structure and improve economic results. It should not be on the rate of growth. In other words, we will have to achieve an appropriate economic growth rate under the prerequisite of optimizing the economic structure and improving economic results. This is obviously a more difficult task.

#### Readjustment of Economic Structure

[Salisbury] What do you mean by the readjustment of economic structure?

[Yuan] Optimizing the economic structure refers to improving the makeup of the national economy and the various proportionate relationships, such as those which exist between industry and agriculture, between the heavy and light industries, between various industrial trades, among the primary, secondary and tertiary industries and between accumulation and consumption. Only by readjusting these setups and proportionate relationships to a fairly rational degree and gradually move towards modernization, can we maintain the sustained, stable and coordinated development of the national economy and constantly improve the economic quality, thus meeting the need for step-by-step modernization.

[Salisbury] Will you please describe this in detail?

[Yuan] Take the proportionate relationship between light and heavy industries, for example. For some time in the past, we imitated the Soviet Union's overemphasis on heavy industry and its companion services developed so fast that the public faced shortages in daily necessities. Later, we gradually readjusted the proportionate relationship between light and heavy industries. Now, heavy industry occupies 51 percent and light industry 49 percent, a more balanced relationship.

[Salisbury] What was the former proportion between heavy and light industries?

[Yuan] In the past, heavy industry had over 60 percent and in the peak year of 1960 reached 66.6 percent.

[Salisbury] For how long was this the situation?

[Yuan] In the 1960's and the 1970's, the proportion of heavy industry remained high.

[Salisbury] Does this include the whole of the 1960's? Was there any change during the "cultural revolution?"

[Yuan] During the "cultural revolution," we still gave priority to the development of heavy industry. To achieve industrialization, it is necessary for underdeveloped countries to develop more of their heavy industry and have a higher proportion of this industry in the early stage. If this lasts too long, however, there will be a disproportion between heavy and light industries, resulting in a long period of shortages of industrial consumer goods, a situation which hampers the coordinated development of the national economy as a whole.

[Salisbury] I believe there are two factors behind the economic problems in the Soviet Union. One is historical, namely the traditional importance given to heavy industry in history and the other is the collapse of the Soviet industrial structure as a whole. As you know, the Soviets come to China by train and plane to purchase consumer goods. From this, one sees that the industrial structure of the Soviet Union has collapsed.

[Yuan] What I mentioned just now is just one factor contributing to the imbalance between heavy and light industries. There are other reasons. Based on its past experience, China will not have major difficulties achieving an ideal economic development speed. The most difficult point lies in how to optimize the industrial structure and improve economic results.

[Salisbury] With regard to the question concerning the proportionate relationship between heavy and light industries, do you have a goal in this regard for the end of the 1990's?

[Yuan] In the next ten years, or by the end of this century, the proportion between heavy and light industries will continue by and large at its present level. To satisfy future development and have more strength for future economic development, we will strengthen construction of basic industries and infrastructure facilities, continue to actively develop energy, communications and raw material industries and, at the same time, strive to regroup and renovate the processing industry so as to update their technical and managerial level. Let me tell you, Mr. Salisbury, a little about our planned growth of industrial and agricultural products, products which are vital to the national economy and people's livelihood, in the 1990's. If you are interested in this, I will do it. Otherwise, I will not.

[Salisbury] I am very interested. I believe that a well-trained labour force constitutes an important prerequisite for good economic results. In order to enable China to become one of the world's technologically advanced countries, the nation needs a labour force which is well-trained, skilled and culturally educated. I wonder if you have a method of calculating labour efficiency.

[Yuan] We have indexes which are used to calculate many kinds of economic results, and also an index on labour productivity for estimating the value created by

each worker. We hope that, in the next ten years, labour productivity for society will increase 3.5 percent each year, 4 percent for the state-owned enterprises, a rate slightly lower than the growth of GNP. These two kinds of growth are, by and large, mutually acceptable. Different sectors of the national economy have different demands on economic growth. Since there is difference between industry and agriculture, we do not demand they have the same growth rate. The index for agricultural growth is largely between 3 percent and 4 percent, that of industry around 7 percent, and that for the tertiary industry around 9 percent. To be specific, let me tell you the planned growth in output of several important industrial and agricultural products in the next ten years: Grain—435 billion kg in 1990 and 500 billion kg in 2000; cotton—85 million dan (each dan equals 50 kg) in 1990 and 100 million dan in 2000; coal—1.09 million dan in 2000; coal—1.09 billion tons in 1990 and 1.4 billion tons in 2000; steel—65.8 million tons in 1990 and 80 million tons in 2000; and petroleum—138 million tons in 1990, 148 million tons in 1995 and more in 2000. At present, the output of China's coal and grain is the highest in the world.

[Salisbury] What proportion does the output of the Daqing and Shengli oilfields make up of the national total?

[Yuan] The annual output of the Daqing Oilfield is 55.62 million tons, or 40 percent of the national oil production; that of the Shengli oilfield is 33.5 million tons, accounting for 26 percent of the national total. In the next ten years, we will strive to maintain a stable output at the two major oilfields. But our future development of the oil industry lies mainly in the development of the oilfields in west China and offshore oilfields.

[Salisbury] In 1987, when I went to visit Daqing, I had a good talk with people there. They told me that they planned to raise their annual production to 50 million tons in the 1990s. It seems to me that their goal is a reasonable one.

[Yuan] Daqing has adopted some new technology to maintain a high and stable yield. This, however, has led to higher production cost.

[Salisbury] You have done a lot in this regard.

[Yuan] In 1990, our electricity generating capacity was 615 billion kwh. The figure will increase to 1,100 kwh in 2000. The annual output of chemical fertilizers was 90 million tons in 1990 and will be 120 million tons in 2000.

[Salisbury] Does the development of the power industry include the development of nuclear power stations?

[Yuan] The development of power industry includes the development in three areas: One is hydroelectric power. As the country is rich in water resources, China will give priority to exploiting this resource in order to generate electricity at low cost. Second is thermal power. Major efforts will be made to develop the coal-pit power stations, that is, those power stations located close to

coal mines. This is aimed to avoid the long-distance transport of coal. Third is nuclear power, although this will not be extensive.

### Exploiting Hong Kong's Economic Advantages

[Salisbury] In formulating policies for future development, do you take into consideration the role of Hong Kong after 1997? Will Hong Kong be of help to your economy? Have you taken into consideration Hong Kong investment in inland industry as you formulate economic plans? Do you plan to absorb Hong Kong investment for inland industry, especially light industry? Now, how much investment have you attracted from Hong Kong?

[Yuan] There exist many economic ties between Hong Kong and the hinterland. Hong Kong relies on the hinterland and the hinterland uses Hong Kong as its window and base for developing foreign trade and economic and technological exchange with the outside world. I do not have on hand the detailed figures on Hong Kong's investment in the hinterland. I do know, however, that Hong Kong investment in the hinterland occupies a large proportion of the foreign investment introduced to date.

[Salisbury] Hong Kong boasts very sophisticated technology in all fields. What influence will Hong Kong's return to the motherland exert on the mainland? After the return of Hong Kong with its well-developed light industry, do you plan to raise the proportion of light industry?

[Yuan] Hong Kong is still in the transitional period and will not be returned until 1997. After its return in 1997, we will strive to maintain Hong Kong's existing social system. In particular, we will strive to maintain its economic prosperity and development so that it can hold on to its unique position. No steps will be taken to bring Hong Kong's economy into the framework of the mainland's economic development. We will continue to cash in on Hong Kong to expand foreign trade, attract foreign capital and introduce advanced technology. We will continue to energetically support Hong Kong by giving full scope to its advantages.

[Salisbury] This is what I want to hear from you.

### Public Ownership Dominant

[Yuan] China also reported a rapid development in its foreign trade in the last decade as the total volume of imports and exports rose to U.S.\$115 billion in 1990 from U.S.\$38.1 billion in 1980, a three-fold increase. In the next decade from 1991 to 2000, China will continue to expand its foreign trade to roughly keep pace with its developing national economy. It will attract more foreign investments and import more advanced foreign technology and equipment. Last year, China established 4.87 times more Sino-foreign joint ventures, cooperative and solely foreign-owned enterprises than in 1986. The value of contracted foreign investment rose by 131.6 percent and that of actual foreign investment by 96.6

percent. Estimates show that in the coming decade, China will experience a big increase in this regard. As President Yang Shangkun said when he met with you, China's open policy will remain unchanged.

[Salisbury] I am not so good in mathematics and get no impression from what you just said about 4.87-fold increase. Do you know the exact figures for 1986?

[Yuan] In 1986 China had 1,492 Sino-foreign joint ventures, cooperative and solely foreign-owned enterprises.

[Salisbury] So China's contracted foreign investment increased by 131.6 percent and the implemented foreign capital went up by 96.6 percent. Can you explain this in detail?

[Yuan] The contracted foreign investment totalled U.S.\$6.37 billion in 1990 with just U.S.\$3.175 billion used, compared with U.S.\$2.75 billion and U.S.\$1.615 billion respectively in 1986.

[Salisbury] Now I understand.

[Yuan] Maybe you are interested in the proportion of the industrial output value of the foreign-funded enterprises and individually owned and private business to the nation's total, in other words, the structure of China's industrial ownerships. Let me tell you something about it. At present, of the nation's total industrial output value, that of the state enterprises accounts for 56.1 percent, the collective enterprises 35.7 percent, the individually owned and private enterprises 4.7 percent and the foreign-funded enterprises 3.4 percent. So the public ownership still occupies a dominant position. Other economic elements account for a small proportion but, in my opinion, can be further developed.

[Salisbury] Do you think this situation will remain unchanged until 2000?

[Yuan] It is difficult to tell you what the exact situation will be like at that time, but what seems certain is that the state and collective ownership will still have dominance. On this premise, the proportion of individually owned, private, Sino-foreign joint ventures, cooperative and solely foreign-owned enterprises will be a little higher than today.

[Salisbury] Can you estimate the proportion of the foreign-funded enterprises in 2000? Will it be somewhere between 10-12 percent?

[Yuan] No. I am sorry, I can not make any correct estimate now. Your estimate may be correct. I think the figure will not be higher than yours and may be a little less. For quite some time in the past, we believed that the purer the ownership structure, the better it would be, and the bigger in size and of a more developed socialist nature, the better. We limited the development of non-public ownership and even wanted to eliminate it, not to say introducing foreign investment. As a result, economic vitality was stifled and development slowed down. Today, we have drawn lessons from this and,

while persisting in the development of economic sectors with public ownership, allow and encourage the appropriate development of individual, private and foreign-funded enterprises. This has helped enliven China's economy. We will carry out this policy for a long period of time to come.

[Salisbury] What was the proportionate makeup of the state and collective enterprises when the "cultural revolution" ended?

[Yuan] By that time, the state and collective enterprises accounted for more than 99 percent. Except for an extremely small handful of individual pedlars, individual and private economies and foreign-funded enterprises were almost non-existent. The World Bank issued statistics on China's comprehensive economic strength. Although I think the data are somewhat higher than reality, I will give you some figures for your reference. The World Bank estimates that in terms of population, natural resources, industry, agriculture, science and technology, education, national defense and potentials, China ranked 13th in 1949, ninth in 1980 and sixth today. It also estimates that after China realizes its ten-year development programme targets it will rank fifth in the world. This estimate may not be very accurate, but you can see the gap in economic and technological fields between China and the rest of the world has narrowed, not widened, after 41 years of construction since liberation and especially in the last decade.

[Salisbury] What about after 2000? Mr. Deng Xiaoping once said that China would reach the level of the moderately developed countries in the mid-21st century.

[Yuan] Yes. I have already explained that China will develop its economy and society in three stages. By the end of this century when China reaches its targets for the second strategic step, our country will enter into the third and higher, development stage. That means that in the mid-21st century, or in the 2030's or 2050's, the average per-capita GNP will reach US\$4,000, the level of the moderately developed countries. Modernization will be basically realized. This was first proposed by Comrade Deng Xiaoping and was recognized as feasible by the Party Central Committee after repeated discussions. From 1980 to 2000, China's GNP will quadruple. Estimates show that in the next century, although the cardinal figures of our economy will much bigger, it would be possible for China's GNP to quadruple again in three or five decades, with the average per-capita GNP reaching US\$4,000. However, as the estimates for the next century involve numbers international and domestic factors which we now can hardly predict, we only have tentative ideas, not a detailed plan.

[Salisbury] With regard to the plan for future development, there should not only be a plan for the last ten years of this century but also a plan for the first ten years of the next century.

[Yuan] When we entered the 1990's, we drew a plan for the economic and social development in the last ten



years of this century and clearly defined the targets, principles, policies and measures for their implementation. We also drew up the Eighth Five-Year Plan for the implementation of the ten-year programme in the first five years of the last decade. I do not think it will be too late to make a ten-year plan and a five-year plan for the next century according to the concrete conditions when we near the year 2000. At present, we are not so clear about the situation in the next century. If we are hurried into making a plan and defining targets, we may have difficulty in meeting them.

#### **Educational Development**

[Salisbury] China has abundant labour force. What are your plans to increase productivity and improve work efficiency?

[Yuan] This is an important problem worthy of conscientious consideration for the development of our economy and society. In the 1980's, after the Third Plenum of the 11th Party Central Committee, we emphasized the development of science, technology and education. Our efforts in that decade promoted the popularization of primary school education in 70 percent of the counties throughout the country and junior middle school education in most cities. At present there are 42.5 million middle school students and 120 million primary school pupils. The enrollment of the institutions of higher learning is 2.08 million while the scientific and technological contingent is more than 10 million. In the early post-liberation days, 80 percent of China's population was illiterate. Today the figure has dropped to 15.9 percent. Science, technology and education are still lagging behind economic and social development, however. More efforts are needed in this field.

[Salisbury] Can you tell me about the increase in financial allocation for education between 1980-90? What will be the increase in 2000 and in the 21st century.

[Yuan] China put aside 44.35 billion yuan for education in 1988, compared with 14.55 billion yuan in 1980, an average increase of 14.9 percent a year. In the 1989-90 period there was an about-the-same rate of growth. According to the ten-year plan for this century, educational expenditures will increase at a rate higher than that of the GNP. Certainly, next century will see a bigger increase in order to keep pace with economic and social development. Today, however, I am unable to tell you the exact figures.

[Salisbury] That is all right. Of course, if you want to take a lead in technology, you have to put more money in education. If you develop education at a slower speed than economic growth, your economic development will slow down. Each time I came to China I found this problem that should have been solved remained unsettled.

[Yuan] I agree with you. Exactly speaking, the problem which China should have solved is being tackled but has not been fully solved. If the quality of labouring people is not improved, China will find it difficult to develop its economy and society. Of this, there is no doubt. China,

however, has yet another problem. First of all we have to ensure food and clothing for 1.1 billion people. If we fail in this regard, everything else is out of the question. China's economic and social development in this next ten years will therefore focus on the following three fields. First, agriculture. Agriculture is the nation's foundation. Without its steady progress, there will be no stable development in China's economy and society. Second, basic industries and infrastructures. Without progress in this field, any economic and social development will have no strong support. Lastly, science, technology and education. Their development calls for more efforts. And more financial input.

[Salisbury] I am very glad you have given education top priority because only by developing education can other targets be realized. If science, technology and education were to occupy less emphasis and not to be developed, you would be wise over petty matters but stupid over important ones.

[Yuan] National economic and social development cannot be divorced from education, science and technology. The absolute amount of funds earmarked for science, technology and education may be less than that for industry and agriculture but their proportion will increase gradually. We share the same view as you.

[Salisbury] I think the investment in this field will never be too much. China has many students and scientists being trained abroad. Quite a lot of them are in the United States. They are all very brilliant and have won almost all the scholarships. Why does China not spend much more money and train them at home? If this is not done, I think it is a big mistake.

[Yuan] Before the ten-year plan and the Eighth Five-year Plan were drawn up, China made a decision to train senior scientists and technicians and other talented people mainly at home. But it needs great efforts.

[Salisbury] You can do it if you consider it important to your plans.

[Yuan] We already have a plan to train senior specialists through reliance on our own efforts. But the laboratory equipment and methods in some new, high and sophisticated technological fields are not good enough and they limit the training of talented people in these fields. To speed up modernization of the country and to further open the country to the outside world, we will continue to send a certain number of people to be trained in the developed countries according to the needs of the state. This is still our state policy.

[Salisbury] This is true. But if you are willing to spend money, you can invite foreign scientists to teach in China. I see China spending great sums of money building hotels in the last few years instead of investing in education.

[Yuan] I appreciate your frankness in telling us our problem. I agree that China has built too many luxury hotels. But we



have decided to strictly limit and forbid the construction of hotels and restaurants for quite a long time to come except those needed in a few tourist centres and so as to meet the need of growing international tourism.

#### Social Security System

[Salisbury] Has China any laws regarding the bankruptcy of the township and state enterprises?

[Yuan] China has already promulgated a bankruptcy law but the system on bankruptcy is far from perfect. The bankruptcy of many enterprises will increase unemployment and create social unrest. We hope enterprises will keep going. We encourage enterprises to merge into groups in order to improve operation of those in a bad shape.

[Salisbury] How many enterprises have gone bankrupt? To my knowledge, there are only five or six.

[Yuan] I do not know the exact figure. In general, they are not many, but they may be more than five or six.

[Salisbury] How many enterprises have been merged?

[Yuan] We now have more than 1,000 enterprise groups, some tightly and some loosely organized.

[Salisbury] Did all the enterprises of the more than 1,000 groups perform well before they were merged?

[Yuan] Not all. Some good enterprises merged together and have since performed much better, and some good enterprises merged with some poor enterprises. We encourage enterprises of all kinds to form horizontal alliances and establish enterprise groups so long as they conform with the principle of optimizing resources and productive elements and proper distribution of productive forces. At the same time, we are trying to establish and perfect the social security system so as to reduce obstacles to the close-down, suspension, amalgamation and switching of production to other products, efforts made to enhance economic results.

[Salisbury] China has a backward social security system. Do you have any plan for establishing a new social security system?

[Yuan] Whether it is backward or not, we need to make a concrete analysis of it. An overwhelming majority of Chinese workers and staff members are well treated in their retirement, during in-house lay-off, work injuries, and for medical care. So for most Chinese workers and staff members, they have guarantees in these fields. The main problem in this respect is the irrational mechanism. In the past, our security system for workers and staff members was only applicable within the enterprises. As a result, in some old enterprises the number of the retired which they must care for account for one-third, 50 percent, or even more of the total job payroll. These enterprises cannot afford such a big burden. We are now reforming this by introducing a method of overall social arrangement. In the past, we failed to give

full attention to the development of social security. So yes, it is quite backward and we are now investing more funds in social insurance.

[Salisbury] This is in full swing or has just begun?

[Yuan] Many cities have begun introducing this method.

[Salisbury] Will China have a modern social security system by the year 2000?

[Yuan] I am not sure whether China will have a modern social security system by then. But with the growth of the economy and the deepening of the reform, it is likely that the system will have improved by the year 2000. We will make efforts to gradually perfect it.

[Salisbury] Let us suppose that we are now in 2025. Then what will the situation be like?

[Yuan] I am spokesman for the government so it is improper for me to make any ill-founded forecasts. But, I think, by that time, with the growth of our country's economy and social progress, it is certain to be much better.

[Salisbury] Will this social security system cover the retired, injured and disabled?

[Yuan] Yes, it will cover retirement, in-house lay-off, work accidents and medical care.

#### Economic Development

[Salisbury] China's economy seems to be less influenced by the world economy than perhaps other countries, as in the 1930's when the world economy was hit by a recession. Should China suffer such an attack, are there any protective measures? If such factors as the supply of raw materials and the market will exert impact on China's economy, what will China do?

[Yuan] We have considered these problems. We considered that the unfair economic competition in the world in the 1990's would be more acute than in the 1980's. We have also considered the possibility of a world economic recession when we were formulating our ten-year economic development programme. But we have advantages to fall back on. China has a vast territory and rich resources. We also have difficulties. We run short of funds and our technical standing is low. The international economic situation in the future will be hard for us in some aspects. However, such a vast market like China is attractive to the international community. "When it is dark in the East, it is bright in the West." That is, there is always a way out. China and many countries and regions in the world can supplement each other's needs economically. I think China's economic development will always have a lot of room to manoeuvre.

[Salisbury] Yes, I think so as well.

[Yuan] We will continue to carry on the policy of opening to the outside world and do our best to carve up a bigger share of the international market. We have opportunities. Should a serious recession occur in the

world economy, no doubt, it would exert an impact on the development of China's economy, but not as much as it does those countries heavily dependent on foreign trade. We can stand up to it. I think no matter how sluggish the world economy is, China's economy will not fluctuate too much, since it is chiefly based on the domestic market.

[Salisbury] What sectors of China's economy develop faster than its average growth rate? What are the major economic sectors?

[Yuan] I think the electronics, petro-chemical, auto, and construction industries will see a rapid growth in the next ten years.

[Salisbury] What do you mean by the construction industry?

[Yuan] By construction industry, I mean the construction of such key projects as factories, power stations, railways, harbours and airports as well as housing. In the coming ten years, in order to improve the standard of living, we will spend much more of our resources on improving the living conditions of both urban and rural dwellers, especially urban workers and staff members.

[Salisbury] I am going to ask you some questions about housing. In Jiangxi I saw spacious tile-roofed houses built by the farmers themselves. In Beijing, there are also many of the same kind of houses. But I noticed that many houses in the countryside are quite primitive. China's houses are not of top quality and so I am glad to hear that you want to build more houses for workers and staff members.

[Yuan] In the coming ten years, we will try hard to improve living conditions. Chinese farmers build houses on their own. In the past, urban houses were put under the care of the state, and the rent was low. In the future, farmers will still build houses themselves but the urban housing system will have to be reformed by properly marking up the rents or selling some houses to workers and staff members, with the money coming from the work units or partially from the workers and staff members. To put it in a more detailed way, I will give you an example. The rent usually accounts for only 2 to 3 percent of an average urban worker's salary. I am a ministerial-level cadre and have a better and more spacious house and so the rent is higher. Even so, it accounts for only 7 to 8 percent of my salary. The rent collected by the state is not even enough for maintenance. If this housing system is not reformed, it will be difficult to speed up the construction of houses for urban workers.

[Salisbury] Will you introduce a method of installment payments?

[Yuan] In the past, the state built houses for distribution to workers and staff members as a welfare benefit. In the future, we will see houses as a kind of commodity to be circulated in society and gradually commercialize them. To this end, an installment payment is feasible.

### The role of the PLA

[Salisbury] Another question is whether the role of the People's Liberation Army (PLA) will change in the future. Unlike other foreigners, I think the PLA plays the role not only in national defense but also in social construction.

[Yuan] Your observation is correct. The PLA's role will not change in the future. The normal order of our society is maintained by the people's policy. The PLA, apart from fulfilling the task of defending the country, the state's security and social stability, also takes part in socialist construction, and participates in the construction of such key projects as railways, highways and power stations. When such natural calamities as fire, flooding and earthquake occur, the PLA is a major force to combat these calamities. Wherever the PLA troops are stationed, they cultivate close relations with the local people and, together with local governments, build socialism, give local people an education in ideals and ethics and build a strong civilization. The Red Army you mentioned in your book *Long March: The Untold Story* is the predecessor of our present PLA. The PLA often sends its officers and men to localities to give local people a traditional education.

[Salisbury] I am familiar with what you have said. I have talked with PLA soldiers and I know what the PLA is now doing. Can you predict whether the PLA's role in society will be strengthened in the future?

[Yuan] The PLA is the mainstay of our country's political power and a great wall of steel defending the country and its people. Together with the Chinese people, the PLA takes part in socialist construction. The PLA will always remain a people's army under the leadership of the Chinese Communist Party. It will always be the people's own army and cement blood-and-flesh ties with the people.

[Salisbury] Unlike others, I see the PLA's role differently. The PLA, apart from the duty of defending the country, takes part in social construction. This makes it different from armies of other countries, which defend their countries in wartime and conduct military training during peace time. Do you think the PLA will play a bigger role after 2000?

[Yuan] I think your view about the PLA is correct and in conformity with China's reality. But I have one word to add. Our army also attaches importance to military drills so as to beef up its capacity for national defence. The tradition that "localities and people support the army and give preferential treatment to families of revolutionary army men and martyrs and the army supports the government and cherishes the people" highlights the strong relationship between the Chinese people and the army.

[Salisbury] I understand this situation. If it were not the case, the PLA's special role in society would not exist. Let me ask you a question regarding China in the year 2000. During the 1978-79 period, when Mr. Deng

Xiaoping was reinstated in his position, he once envisaged to shake China off the "cultural revolution." By 2000, Deng Xiaoping will probably have died. He once said he wanted to live to see the achievements of 2000. What do you imagine China will be like in 2000?

#### **Building Socialism With Chinese Characteristics**

[Yuan] This is a wide open question. By the year 2000 and beyond, the basic social system of China as it is today will remain unchanged. This social system is neither of a traditional pattern nor, as some have said, of a "Stalinistic pattern," but socialism with Chinese characteristics. It will be economically more vigorous, politically more democratic, ethically better, and, in terms of human relations, will be more understanding, respectful and helpful. The standard of living will be much improved. At the same time, we will strive to prevent the widening of the gap between the rich and the poor and the polarization between them. We will maintain public ownership of the means of production in a dominant position and allow other ownerships to co-exist. In terms of mechanism of economic operation, we will carry out a planned economy while giving play to the regulatory role of the market in order to have better integration of planned economy and market regulation. As for ideology, we will, under the guidance of Marxism, carry forward the national culture, and absorb the best part of world culture, including advanced technology, advanced experiences and all of the other benefits presented by capitalist countries, making them serve the consolidation and development of socialism.

China is a unified multinational country. We stand for equality and mutual help, unity and cooperation, and common prosperity among various nationalities. We are opposed to majority nationalities discriminating against minority nationalities and against activities aimed at splitting the country. We are for a country of national unity. Today, national contradictions are quite acute in some countries and regions in the world. We will try everything in our power to prevent this in China. We will not allow the phenomenon of national splits to emerge in China. In foreign relations, we will adhere to the Five Principles of Peaceful Coexistence, develop friendly relations with every country in the world, oppose hegemonism and be willing to establish a new international political and economic order and safeguard world peace and development together with all countries in the world on the basis of peaceful coexistence, equality and mutual benefit. We hope that before the end of this century or early next century we will solve the issue of Taiwan based on the principle of "one country, two systems," thus realizing peaceful reunification of the country.

[Salisbury] Mr. Deng Xiaoping envisaged separation of the Party from the government. Has there been any progress in this respect? I do not think you have made any progress now, but will there be any progress after the year 2000?

[Yuan] Separating the functions of the Party from those of the government is an important principle put forward by Comrade Deng Xiaoping for the reform of China's political system. In recent years, we have carried out this principle during the reform and made progress. Here, I would like to give you a recent example. The Party Central Committee's Proposals for Ten-Year Development Programme for National Economic and Social Development and the Eighth Five-Year Plan passed at the Seventh Plenum of the 13th Central Committee of the Chinese Communist Party held at the end of last year put forward proposals for targets of development and major policies and principles in the coming ten years. They are only proposals, not orders imposed on the government and people. Our government, or the State Council, will conscientiously consider these proposals, formulate the detailed Ten-Year Programme and the Eighth Five-Year Plan for submission to the National People's Congress to be held in March of this year for examination. After they are approved by the congress, efforts will be made to organize the entire Chinese public to put them into practice. I think this practice itself embodies the principle of separating the functions of the party from those of the government. Our government accepts the political leadership and principled leadership of the Communist Party, while the party refrains from interfering with the everyday work of the government. This is what we say separating the functions of the party from those of the government.

[Salisbury] As far as the separation of the party and government is concerned, the State Council should have the right to accept or refuse the party's proposals. No, I think the State Council has never refused the party's proposals so I do not see any progress in separating the party and government. You have not separated the party and government.

[Yuan] Obviously, my view is not the same as yours. The Chinese Communist Party is the only ruling party in China. We persist in strengthening the leadership of the Communist Party over the state, as stipulated in our Constitution. In China, the government will not and is not allowed to resist the party. Comrade Deng Xiaoping's aim in speaking of the separation of the functions of the party from those of the government is to enable the party to better play its leading role instead of weakening the party's leading role. Therefore, we should better safeguard and not resist the party's leadership. This principle conforms with the historical tradition of our country and its reality. In this practice, we do not require that others maintain the same view as ours. But one will be unable to see the separation of the party and government at present or in the future, if he judges whether China has realized the separation of the party and government by such criterion as the government refusing or resisting the party's leadership. We will not introduce the Western system of two parties or more wielding the power in turn. In China, we have eight democratic parties. They support the leadership of the Communist Party, and they participate in the administration of the

government under the leadership of the Communist Party. The relations between these democratic parties and the Communist Party are not those of a ruling and opposition party, but relations of mutual cooperation and mutual help like people in the same boat.

[Salisbury] Thank you for your patient answers to my questions. This is the most unforgettable interview I have had and I will remember it forever.

[Yuan] I am glad to have the opportunity to answer your questions. In the capacity of an ordinary Chinese citizen, I would like to say a few words about the relations between China and the United States and the relations between China and the Soviet Union. The Chinese people are very much willing to develop friendly relations with the United States. I visited the United States three times. I respect the American people and especially like their straightforwardness and honesty. But, I also have an impression that many American people are impetuous and more often than not will impose on others their criterion of right and wrong. I understand that it is probably because of the position the United States holds in the world today. If we all adhere to the same principle of leaving the government and people of a country alone to handle their own internal affairs, the relations between countries will be normal and the world will be all the more peaceful.

The relationship between China and the Soviet Union was once quite good, but there were also ups and downs. Gorbachev's China visit in 1989 normalized the relations between the two countries, and there has been a lot of progress and co-operation in many fields since then. Now dramatic changes are taking place in the Soviet Union. Although we have a different opinion of events, we have agreed not to launch an open debate on the issues involved. We will, however, continue to maintain friendly relations with the Soviet Union on the basis of the Five Principles of Peaceful Coexistence. I want to thank you very much for listening to me with such patience.

[Salisbury] I agree with you on the issue of Sino-U.S. and Sino-Soviet relations. Last year, I visited the Soviet Union and saw the situation deteriorating. I am very concerned that the situation will become even worse. The relations between China and the United States are normal and healthy. I believed this even before China threw its door open and accepted my visit. In regard to the impetuosity of the American people, I believe our nation is very young and lacks discipline; it is like a spoiled child. China, on the other hand, is a nation with a long history and I hope you are tolerant towards us.

[Yuan] I hope people of the two countries will continue to strengthen their exchanges and deepen their mutual understanding.



## East Region

### Anhui To Strengthen Foreign Exchange Control

OW0604045891 Hefei Anhui Provincial Service  
in Mandarin 1100 GMT 5 Apr 91

[Text] The Anhui provincial meeting of foreign exchange sub-bureau chiefs, which ended in Wuhu City recently, stressed that this year's foreign exchange administration work will focus on strengthening the management of foreign exchange and foreign loans to serve the cause of developing Anhui's economy.

In the last few years, Anhui Province's foreign exchange administration departments at all levels have achieved tremendous results in strengthening the management of foreign exchange and foreign loans, and in supporting the development of the local economy. Anhui's foreign exchange administration work was further strengthened last year, and the situation of foreign exchange and foreign loans was the best in the past few years. The entire province's export trade volume exceeded \$654 million, up 15 percent from the previous year; commodities export brought in \$541.21 million of foreign exchange; the province's foreign exchange surplus increased 18.4 percent from the previous year; and the foreign exchange earning registered continuous growth. The province's foreign exchange payment also increased 35.2 percent from the previous year. The pattern of foreign exchange payment was rational, the amount of foreign exchange surplus has increased, and the conflict between demand and supply has somewhat eased. The pace of utilizing foreign funds also picked up last year. The whole province already has 175 foreign funded enterprises, the whole year's export volume reached \$14.38 million, and the year end foreign loans surplus increased by 21.7 percent from the previous year. The scale of foreign loans was appropriate and its structure was basically rational.

This year, Anhui's foreign exchange and foreign loans administration work will focus on doing a good job in foreign exchange earnings verification, revitalizing foreign exchange adjustment, further improving and strengthening control on foreign exchange and foreign loans, supporting the reform of Anhui's foreign trade system, and stimulating the growth of export trade and the sustained, stable, and harmonized development of Anhui's economy.

This year, Anhui will also fortify the legal construction on the management of foreign exchange and foreign loans. The province will make an effort to appropriately control financial institutions' management of foreign trade transactions, especially in enhancing the management of foreign exchange accounts and the receipt and payment of foreign exchange to safeguard the nation's foreign exchange revenue. Foreign exchange inspection work must be further improved. Efforts should be made to adopt various formats to promote the nation's principles and policies on foreign exchange control, to establish a system for the people to report cases relating to

foreign exchange transactions, to carry out foreign exchange inspection work in a well planned and well focused manner, and to relentlessly investigate and punish conduct in violation of the nation's rules and regulations governing foreign exchange transactions. All these will stimulate further improvement of Anhui's foreign exchange system.

### Jiangsu's Suzhou City Develops Export Economy

OW0604183691 Beijing XINHUA in English  
1530 GMT 6 Apr 91

[Text] Nanjing, April 6 (XINHUA)—Suzhou City, which is located at the Yangtze River delta, has devoted major efforts to developing export-oriented economy since it opened to the outside world in 1985.

According to statistics, the total foreign trade volume of the city reached 5.16 billion yuan last year, which is six times that of 1985. Moreover, for the fifth year running the city has ranked fourth in annual industrial output value among all the big and medium-sized cities in China, only after the metropolises of Beijing, Shanghai and Tianjin.

After several years of effort the city has achieved remarkable progress in developing export-oriented economy and in attracting foreign investment.

By the end of 1990 the city had attracted a total of foreign investment of 490 million U.S. dollars. About 50 foreign-funded enterprises in the city go into operation every year.

Now, Suzhou and its surrounding towns and counties have set up trade relations and economic co-operation with 120 countries and regions.

In the past five years the city has earned about 600 million U.S. dollars from exports.

### Jiang Chunyun Writes Preface for Book Series

SK1004043091 Jinan Shandong Provincial Service  
in Mandarin 2300 GMT 9 Apr 91

[Text] A series of books to discuss the self-improvement of communist party members—our province's first batch of books to greet the 70th anniversary of the founding of the party—was recently published by the Shandong People's Publishing House.

On the afternoon of 9 April, the Organization and Propaganda Departments of the provincial party committee, the Shandong People's Publishing House, and the provincial Essay Society cosponsored a ceremony to mark the first issue of a series of books in Jinan. Thus, this raised the curtain on a series of provincial activities to mark the 70th anniversary of the founding of the party.

Jiang Chunyun, secretary of the provincial party committee, Ma Zhongcai, deputy secretary of the provincial party committee, Li Zichao, chairman of the provincial committee of the Chinese People's Political Consultative

Conference [CPPCC], Miao Fenglin, member of the Standing Committee of the provincial party committee and director of the Propaganda Department, Liu Peng, vice chairman of the provincial Advisory Commission, and Lu Maozeng, vice chairman of the provincial CPPCC Committee, attended the ceremony.

Addressing the ceremony, Miao Fenglin pointed out: The publication of this series of books is aimed at reaffirming the necessity of strengthening communist party members' self-improvement, and enabling the vast numbers of communist party members in our province to improve themselves through self-education and self-restraint and, based on this, to push our province's educational work for party members.

This series of books to discuss the self-cultivation of communist party members is composed of six books on ideals, struggle, study, morality, work style, discipline. Comrade Jiang Chunyun wrote a preface for this series of books. Comrade Liang Buting wrote the titles for each book.

#### **Official on Building Spiritual Civilization**

*SK0804050091 Jinan Shandong Provincial Service in Mandarin 2300 GMT 5 Apr 91*

[Text] The provincial work conference on building spiritual civilization was held by the provincial party committee and the provincial government in Taian on 5 April. Miao Fenglin, Standing Committee member of the provincial party committee, director of the Propaganda Department of the provincial party committee, and vice chairman of the provincial Committee for Building Spiritual Civilization, stressed at the conference: At present and in the foreseeable future, the province's work regarding building spiritual civilization should be guided by the party's basic line, and should be focused on building ideological morality, strengthening various items of basic work, and successfully organizing various kinds of mass activities to create a good ideological and cultural environment as well as a good social environment for carrying out reform, open policy, and economic construction and for realizing the magnificent goal of making the people affluent and the province prosperous.

Miao Fenglin said: After endeavoring for several years, the province has initially created a major climate of strengthening the building of spiritual civilization, has obviously changed the long-standing state of being hard in grasping economic construction and being soft in grasping ideological and political work, has gradually gained a set of relatively successful experiences, and has yielded marked social results from these experiences.

First, the province has gained the following four basic experiences from the building of spiritual civilization: 1) Always regarding the socialist ideological education as the nucleus and major content of the building of spiritual civilization; 2) carrying forward good traditions and cultivating socialist spiritual civilization; 3) introducing competition mechanism, and ensuring the building of

spiritual civilization and unflagging and sustained vitality; and 4) facilitating economic construction as well as reform and opening-up, and simultaneously grasping the building of spiritual and material civilizations.

Miao Fenglin pointed out: This year, the province's work regarding the building of spiritual civilization should be focused on the building of ideology and ethics and on socialist ideological education. Since the beginning of the second half of last year, we have universally conducted a socialist ideological education in the rural areas of the province, and remarkable results have yielded from this activity. This year, the provincial party committee has decided to spread this activity to government organs, schools, enterprises, institutions, and urban neighborhoods. Party and government organs at all levels as well as all schools, enterprises, institutions, and urban neighborhoods should define the focal points of the education and define the practical problems crying for solution by centering on the subject of deepening the understanding of socialism and strengthening the belief in socialism; should give prominence to grasping the building of work style of party and government organs at all levels; and should use the administrative honesty of party and government organs to bring along the whole society to foster a fine general atmosphere. This year, in combination with the activities commemorating the 70th founding anniversary of the party, all localities should strengthen the education on basic Marxist theory and the education of party purpose to further strengthen the sense of party and government cadres as public servants and comprehensively promote the building of party style and administrative honesty.

Then, we should attach importance to the building of professional ethics among the trades which serve as a window open to the outside world, and which are closely related to the people. By strengthening the education on professional ethics, we should enable cadres, staff members, and workers of these trades to gradually embrace the dedication spirit of serving the people and the socialist attitude concerning labor to foster a good prevailing practice of professional ethics. At the same time, we should strengthen the education on social ethics; and vigorously advocate the spirit of working hard, leading plain lives, being honest and dependable, loving, and helping each other, aiding the poor and sending relief to those in difficulty, and being ready to take up the cudgels for a just cause to enhance the level of civilization throughout the society. In conducting the education on socialist ideology and ethics, we should strive to create and foster throughout the society a new type of ideological and moral concept that is suitable for the socialist reform and opening up in order to provide a strong spiritual power for smooth accomplishment of the Eighth Five-Year Plan and the 10-Year Program.

Miao Fenglin pointed out: This year we should continue to launch the activity of emulating the advanced, stressing dedication, and fostering a new atmosphere; should give prominence to grasping the urban civilization emulation drive and the activity of creating

advanced counties, cities, and districts, and civilized units in building spiritual civilization; and should give rise to a pattern under which cities, prefectures, counties, districts, and grass-roots units unfold the activity of creating advanced civilization areas and units. At the same time, we should strengthen the building of propaganda and cultural fronts and infrastructure in urban and rural areas.

Miao Fenglin stressed: The building of spiritual civilization is the cause of the whole party and the whole party. Party committees and governments at all levels should actually pay attention to this cause, and show concern for and give support to it. They should gradually increase input in human, financial, and material fields in a planned manner, give support to these fields according to policies, actually attain the goal of simultaneously grasping spiritual and material civilizations and simultaneously yielding results from the both, and strive to raise the province's building of spiritual civilization onto a new level.

Lin Ping, vice chairman of the provincial People's Congress Standing Committee and vice chairman of the provincial Committee for Building Spiritual Civilization, presided over the conference.

#### **Shandong Development Zone Construction Progresses**

OW0804213691 Beijing XINHUA in English  
1600 GMT 8 Apr 91

[Text] Jinan, April 8 (XINHUA)—The Yantai economic and technical development zone in east China's Shandong Province has been the scene of great progress in infrastructure construction during the past five years.

The zone, which was established in March 1985, covers ten square kilometers in Yantai City along the coast of the Huanghai Sea.

Thus far, construction of the zone's basic facilities have been completed.

The facilities completed and in operation to date include the waterworks which has a capacity of 30,000 tons, as well as two electric substations—one 35,000 volt and one 110,000 volt substation. In addition, the nine recently completed boiler rooms, and the heat and power plant, which is scheduled to be completed in the near future, will guarantee the electricity and heat supply for enterprises and residents inside the zone.

To date, 558 million yuan has been expended on the construction of basic facilities, and construction on 415,000 square meters has been completed.

By the end of 1990, 126 production related projects, involving investments of over 310 million U.S. dollars, had been approved for operation in the zone. Fifty-seven of the projects are foreign-funded enterprises and involve investments of over 79.92 million U.S. dollars.

During 1990, 63 of the zone's enterprises produced 102 million yuan in profits and taxes, and earned 138 million U.S. dollars from exports.

XINHUA has learned that a high-tech industrial park is also expected to be built inside the zone. Enterprises located in the industrial park, which will cover two square kilometers, will focus mainly on the development of electronic and information technology, electronic machinery, and biological engineering as well as aerospace technology.

#### **Guizhou Provincial Delegation Visits Shanghai**

OW0804064391 Shanghai City Service in Mandarin  
2300 GMT 5 April 91

[From the "Morning News" program]

[Text] A delegation from Guizhou Province, led by Liu Zhengwei, secretary of the Guizhou Provincial CPC Committee, arrived in the municipality yesterday morning.

Ni Hongfu, deputy secretary of the Shanghai Municipal Party Committee, and Vice Mayor Gu Chuanxun met with the delegation at the guest house. The Shanghai leaders expressed gratitude to Guizhou Province for having lent vigorous support to Shanghai over the past years.

Comrade Liu Zhengwei expressed the hope that the visit will further promote economic and technological cooperation and exchanges between the two sides.

#### **Zhejiang Infrastructure Construction Progresses**

OW0904232591 Beijing XINHUA in English  
1536 GMT 9 Apr 91

[Text] Ningbo, April 9 (XINHUA)—Ningbo City of east China's Zhejiang Province has achieved great progress in its infrastructure construction, stimulating local economic development.

City Mayor Geng Dianhua told XINHUA that Ningbo harbor presently has a total of 45 productive berths with an annual handling capacity of 44.31 million tons, 9.4 times the figure for 1980. He added that construction of the second phase projects, which involves six berths with a dead weight tonnage of 30,000 to 50,000 tons, is proceeding as planned.

Meanwhile, upgrading of the Ningbo-Hangzhou highway construction of the highways around the city have also been completed. [sentence as received]

In addition, he said, the city boasts 59,000 program-controlled telephones, a water supply system which provides 350,000 cubic meters of water daily, and a group of power plants with a total installed capacity of 1.05 million kilowatts.

At the end of 1990, the value of the city's exports totalled 280 million U.S. dollars, six times greater than the figure



for 1980. Meanwhile, the total industrial output value reached 23.79 billion yuan, a five-fold increase over the 1980 figure.

The city currently has 252 foreign-funded enterprises, involving 180 million U.S. dollars of foreign funds.

The mayor also said that the city will develop into a key industrial city, a foreign trade port and the economic center of Zhejiang Province in the near future.

### Central-South Region

#### Guangdong Governor Addresses Work Conference

HK1004073991 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 7 Apr 91

[Excerpts] The Guangdong Provincial Socialist Spiritual Civilization Building Work Conference was opened in the provincial party committee's auditorium this morning. [passage omitted]

The main tasks of this important conference are: To sum up and exchange experiences, commend the advanced, and study how to carry out the main tasks outlined by the provincial party committee in the socialist spiritual civilization building plan for the Eighth Five-Year Plan.

This morning's meeting was attended by a total of more than 1,600 people, including responsible comrades of the provincial party committee, the provincial advisory committee, the provincial people's congress, the provincial government, the provincial committee of Chinese People's Political Consultative Conference, the provincial discipline inspection commission, and the provincial military district, representatives of civilized units and civilization-building intellectuals commended by the provincial party committee and the provincial government, as well as the responsible comrades concerned.

This morning's opening session was presided over by provincial party committee Deputy Secretary Guo Rongchang.

Provincial party committee's standing committee member Wang Hao delivered the opening speech.

Provincial Governor Kuang Ji [as heard] read out a decision made jointly by the provincial party committee and the provincial government on commending civilized units and a similar decision on commending activists who have excelled in building socialist civilization in Guangdong. [passage omitted]

Provincial party committee Secretary Xie Fei delivered an important speech. He said: In 1986, the provincial party committee held a provincial conference on exchanging experiences in building civilized units. Five years have elapsed since then.

Comrade Xie Fei's speech was divided into three parts: 1.) The new progress of spiritual civilization building; 2.)

The main experiences in strengthening spiritual civilization building; 3.) Raising spiritual civilization building to a new level.

Comrade Xie Fei concluded: Successfully carrying out spiritual civilization building is an important and indispensable aspect of building socialism with salient Chinese characteristics. In the new development period characterized by expanded opening up and in-depth reform and at a time when drastic changes are taking place in international struggle, party members, cadres, and the broad masses across the province must acquire a clear understanding of the situation, clearly define tasks, unite together, brace up, work with one heart and one mind and in a down-to-earth manner, and strive to raise our province's socialist spiritual civilization building to a new level.

#### Guangdong's Xie Fei Discusses Mountainous Areas

HK0904143091 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 4 Apr 91

[Text] From the end of last month to early this month, while carrying out investigations and studies in mountainous areas of northern Guangdong, provincial party Secretary Xie Fei pointed out: On the basis of remarkable achievements made in recent years in promoting agriculture and afforestation and planting fruit trees, mountainous areas should use their favorable conditions to overcome difficulties to develop their township and town enterprises to speed up the pace of their economic development.

In counties and cities, including Yingde, Shaoguan, Shixing, and Wengyuan, Comrade Xie Fei conscientiously and attentively inquired about the development of township and town enterprises in various localities. He stressed: In developing township and town enterprises, mountainous areas encounter difficulties such as insufficient funds, shortages of talented personnel and technology, and inconveniences in running the processing industry; however, we should realize that Guangdong's mountainous areas have their strong points. Guangdong is a forerunner province in pursuing reform and opening up. We have economically developed areas such as special economic zones and the Zhujiang Delta in addition to having resources for the processing industry provided by the development of afforestation, orchards, and so on over the past five years. Besides, Guangdong is also rich in mining and irrigation resources. All these have created favorable conditions for the development of township and town enterprises.

Comrade Xie Fei continued: To develop township and town enterprises in mountainous areas, we should, first of all, develop industry in counties. This key factor will bring along the development of township and town enterprises. When township and town enterprises are promoted, our collective economy is bound to develop. Mountainous areas will then stand a better chance for success in reaching low-level prosperity. The development of township and town enterprises will in turn support agriculture and the development of afforestation and orchards, and consolidate



the achievements of mountainous areas in afforestation. Therefore, various localities should attach importance to and fully support mountainous areas in developing township and town enterprises.

#### **Calls for Intellectuals' Dedication**

*HK1004095191 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 10 Apr 91*

[Text] Provincial party leaders Xie Fei and Fang Bao spoke with the Guangdong representatives who had attended the national conference commending intellectuals with master's or doctoral degrees, returned students, and excellent college graduates of the 1980's who had made outstanding contributions to socialist construction, in the provincial party committee conference room yesterday morning.

Early this year, the CPC Propaganda Department, the State Education Commission, and other units jointly held the above-mentioned conference in Beijing. Thirty-six intellectuals from Guangdong were commended for their outstanding contributions, of which 18 have master's or doctoral degrees, 13 are returned students, and five graduated from college in the 1980's.

Xie Fei and Fang Bao spoke at the meeting calling on the province's broad ranks of youth to learn from the commended comrades and follow their example in fostering the lofty ideal of serving the people and winning honor for the motherland, the fine characteristic of working for socialist construction with utter devotion and in a down-to-earth manner, and confidence and pride in serving the socialist motherland. They hoped the province's intellectuals would make greater contributions to helping Guangdong advance ahead of the rest of the country through reform and opening up.

#### **Hainan Secretary Deng Hongxun Attends Forum**

*HK0904142091 Haikou Hainan Provincial Service in Mandarin 2300 GMT 5 Apr 91*

[Excerpt] The working committee for provincial party committee organs held a forum yesterday to discuss building the party members' image in the special economic zone [SEZ]. Provincial party secretary Deng Hongxun attended the meeting and gave a speech. This meeting was held to further study and implement the spirit of the 13th CPC Central Committee's Seventh Plenary Session and the first provincial party committee's fifth enlarged session and to reinforce, among Hainan SEZ organs, the party members' awareness of their mission and responsibility in building the Hainan SEZ. [passage omitted]

#### **Greets Visiting Overseas Chinese**

*HK0904133691 Haikou Hainan Provincial Service in Mandarin 2300 GMT 6 Apr 91*

[Excerpts] Over 100 Chinese of Hainan origin residing in Thailand, Singapore, Malaysia, Denmark, Canada, the

United States, Brazil, Hong Kong, Taiwan, and other countries and regions turned up for the first sincere talks held in the Hainan Overseas-Chinese Guest House yesterday.

Deng Hongxun, secretary of the provincial party committee; Li Mingtian, vice chairman of provincial Chinese People's Political Consultative Conference; and responsible members of the provincial Overseas Chinese Affairs Office, Foreign Affairs Office, Foreign Trade Department, and other units concerned attended the meeting. [passage omitted]

Secretary Deng Hongxun delivered a speech brimming with warm feeling at the meeting. On behalf of the provincial party committee and government, he first extended warm welcome to participants. He spoke highly of the great contributions made by Overseas Chinese to construction, scientific and technological progress, and other undertakings in Hainan.

He briefed the audience on the great achievements made by Hainan in capital construction, industrial and agricultural production, and [words indistinct] over the last three years. He hoped people of Hainan origin residing abroad would suggest ways and means to revitalize Hainan to speed up development of the Hainan Special Economic Zone. [passage omitted]

#### **North Region**

##### **Hebei Acting Governor Discusses Rural Work**

*SK1004080991 Shijiazhuang HEBEI RIBAO in Chinese 10 Mar 91 pp 1-3*

["Excerpts" of speech by Cheng Weigao, acting governor of Hebei Province, at the provincial rural work conference on 9 March: "Eleven Issues on Rural Work"]

[Text] This provincial rural work conference held by the provincial party committee and government is a very important conference. The tasks for the conference are to conscientiously implement the guidelines of the seventh plenary session of the 13th party Central Committee and the second plenary session of the fourth provincial party committee, to relay and implement the arrangements of the national meeting to exchange the experiences in economic work and the national aid-the-poor meeting, to study and discuss our province's agricultural development plans for the Eighth and the Ninth Five-Year Plans, and to arrange this year's agricultural production and rural economic work. I will speak mainly on my opinions of the several issues I encountered during my recent investigation tour in rural areas.

##### **1. We Should Persist in the Theory of One Dividing Into Two, and Correctly Understand and Analyze Our Province's Situation in Agricultural Production.**

How to appraise our province's agricultural situation is an important issue about which we should first unify our thinking. In my opinion, we should persist in the theory of one dividing into two to treat this issue. On the one

hand, we should never have doubts about the excellent situation in rural areas and in agriculture just because of this or that kind of problem in the current agricultural production. We should note that over the past decade or so since reform started, our province has indeed achieved great development in agricultural production. Not only have we achieved a substantial increase in farming, focusing on the production of grain, cotton and oil-bearing seeds, and brought it up to a new stage, but we have also achieved comprehensive development in forestry, animal husbandry, aquaculture, and township enterprises. Not only have we gradually improved and intensified the household output-related contract system, but we have also greatly strengthened the dual management system whereby unified management is combined with separate management, and the service system. Thanks to the comprehensive development in agricultural development and the rural economy, not only has the income of peasants doubled and redoubled, but great progress has also been made in education, science and technology, and other social undertakings in rural areas. The current difficulties in agricultural production and the rural economy, in the final analysis, are difficulties emerging in the process of progress and development, and are different in nature from those emerging before reform started. On the other hand, we should note that the province's agricultural production surpassed previous records every year for the past three years. This, no doubt, was a result of our hard work; however, it could not be separated from the mercy of nature in the past three years, especially the favorable weather conditions last year that we had not experienced for many years. The province's grain output totaled 22.75 billion kg last year. In terms of comprehensive production capacity, however, our capacity for grain production was merely 20 to 21 billion kg, that for cotton production about 550 million kg, and that for oil-bearing seeds about 600 million kg. In fact, all our agricultural capital construction, rural service system, material, money, and scientific and technological investment in agriculture, and reform of the rural circulation system are still extremely incompatible with the requirements in the agricultural development in the Eighth and Ninth Five-Year Plan periods. Therefore, when appraising the current situation in agricultural production and rural economic development, we should not only fully affirm our achievements to enhance our confidence in surmounting difficulties, but also note the very arduous tasks we encounter in our efforts to further develop agricultural production, and bring it up to a new stage. Our redoubled efforts in agriculture are still necessary.

## **2. The Fundamental Position of Agriculture Can Only Be Strengthened, Not Weakened.**

We should note that our plans and arrangements did not fully reflect the idea of taking agriculture as the foundation. When handling their relationship with agriculture, all trades and professions often gave more consideration to their own interests instead of giving consideration first to agricultural production, to the interests of peasants, and to how to strengthen agriculture, which is the

foundation. Regarding the difficulties and demands of peasants, which could have been resolved and met more successfully, the pertinent departments failed to attach adequate importance to them, and to exert the utmost efforts to handle them. Although they were discussed and emphasized for many years, the problems that affected the initiative of peasants were solved rather slowly. While emphasizing industrial development, some localities began to relax their leadership over agricultural production. All the aforementioned facts proved that embracing the idea of taking agriculture as the foundation remains an important issue that should be further stressed and resolved well.

In stressing agriculture's position as the foundation of the national economy, the most important thing is to tackle the problems regarding the understanding of peasants. Experiences and lessons drawn from the economic work over the past few years tell us that to make the national economy develop in a sustained, steady, and coordinated manner, it is necessary to strengthen agriculture and achieve success in agriculture first. There can be no economic stability without agricultural development, and a shortage of grain will lead to social disorder. Failure in developing agriculture and making agriculture develop in line with the national economy as a whole will not only affect the political stability of the whole society and the security of the people's livelihood, but also restrict the development of industry with agricultural sideline products as its raw materials, restrict the development of rural purchasing power, and restrict development of the provincial economy. What has happened in the past tells us that all of the several major readjustments carried out by our country in the past were caused by the slow development of agricultural production, the rapid growth of industry, and the imbalance between agriculture and industry. When viewed from the province-wide fulfillment of the goal of quadrupling 1980 production by the year 2000 and the goal of making the people's living standards better, we can see that to make the living standards of the vast numbers of peasants, who account for more than 80 percent of the province's population, approach or attain a well-off level, we must first of all achieve success in managing agriculture. Only when agriculture is well developed and efficiency improved, will peasants be provided with the condition for accumulating funds and be able to create conditions for developing industry and township enterprises in an even more rapid way. Moreover, the modernization drive carried out by our country is a socialist modernization. In China's modernization of agriculture, the first thing is to depend on the vast numbers of peasants to stabilize agriculture, develop agriculture, and increase the source from which to develop industry. In other words, we should realize the modernizations of agriculture and even industry through the method of improving the quality and efficiency of agriculture with a view to developing industry; and should realize the modernization of the countryside and the modernization of the entire country on the basis of making most peasants prosperous. Just because development of agriculture is

so important, strengthening agriculture and successfully developing agriculture is by no means a matter for only peasants, agricultural departments, or county and township governments. It is the major issue of the whole party and governments at all levels, all professions and trades, and people throughout the province. We must understand the importance of achieving success in agricultural production and developing the rural economy from such a high plane.

### **3. The Rural Work Should Also Be Geared To Further Solving the Problems of Economic Construction.**

How much effort, energy, and time do our county and township party committees and governments, township and town party committees and governments in particular, actually spend on grasping the economic work at the moment? Comrades of county and township party committees and governments know the answer of this question most clearly. In addition to the various reasons of party committees and governments themselves, there are also many objective reasons for such a situation. On the one hand, this situation results from the relatively weak strength of governments at the township level—the organizations of political power at the grass-roots level. Of the administrative cadres throughout the province, 75 percent are concentrated in the organs of the provincial, prefectural, and county levels, 25 percent are in the organs at the township level. This means that at higher levels, organs are overstaffed, while at lower levels, organs are understaffed, with administrative cadres at the township level lacking by 3.1 percent. On the other hand, departments at higher levels stress the importance of their own positions and work priorities, thus leaving organs at the township level at a loss as to what to do. Moreover, party committees and governments at the township level are also required to deal with endless meeting documents, to meet and send off leaders from higher levels, to conduct appraisals and inspections, and to have their leaders deliver speeches, thus consuming a great deal of energy.

A failure in promoting economic work is an important reason why some localities face greater difficulties in carrying out their work. When a township or a village succeeds in agricultural production and the development of the collective economy, and strengthens its service to peasants, the township government will have authority in words, work, and administration, and perform family planning work, grain purchases, public security work, and administration of land for housing construction more easily. Therefore, an important task that we should attach importance to at present is to make sure that county and township governments concentrate their efforts on economic work. The following work should be done if we are to fulfill this task successfully. 1) County and township party committees and governments should first unswervingly adhere to the party's basic line, persistently take economic construction as the central task, actively concentrate their efforts on economic work, and correctly handle and balance the relationship between economic construction and other fields of work. 2)

Departments should correctly handle the positions of the central task and their own work. Instead of placing their own work in an improper position, they should work out ways to successfully carry out their own work, and promote the economy, which is the central task. Never should they interfere with the central task, and disperse the efforts of leading bodies at all levels to carry out economic work. 3) In the future, the province will apply the system of responsibility for fixed targets to prefectures and cities. Prefectures and cities may also assign to counties, and counties to townships the responsibilities for fulfilling several major selected targets, and exercise unified managements of the targets. Departments at higher levels should not directly apply the system of responsibility for assigned targets to the governments at lower levels. Unified examination and appraisal should be conducted at the end of a year, and examinations and appraisals by several departments separately should be avoided. 4) Departments should fully perform their functions, and rely on their own efforts to accomplish their tasks. They should not invite party committee and government leaders to speak at their work meetings unless the work has a bearing on the overall situation, and unless party committees and the government leaders deem it necessary. They should not promote their work by inviting party committee and government leaders to speak. 5) Party committees and governments at all levels should greatly simplify their meetings, documents, and speeches so that more effort can be devoted to conducting investigations and study, rendering service, and doing solid work for the grass-roots levels. 6) On the premise that the total staff remains unchanged, many counties have adjusted their organizations and their staff through the method of reforming county-level organizations, replenishing the township-level ones, and building the village-level ones. They have achieved very good results in encouraging cadres to work in towns and townships. We suggest that counties actively popularize this experience when conditions permit, reduce the size of county-level organizations, and adopt encouraging policies to mobilize a group of young and middle-aged cadres in the prime of life who show promise to go to towns and townships after training. This not only enables cadres to undergo training but to replenish the forces on the forefront. 7) Except for those that should be directly administered by higher-level organs, vocational departments that can be placed under the administration of counties and townships should be resolutely placed under their administration. Regarding those that cannot be placed in this manner, dual leadership should be exercised over them, with the leadership of counties and townships as the main. The opinions of local party committees and governments should be fully respected when selecting and reshuffling cadres so that county and township governments will coordinate and organize their work more easily overall. 8) In appraising the work of a department, we should not judge merely by how it performs its vocational work. We should also judge by whether it truly gears its work to and serves the needs of economic construction, which is the central task, how much practical work it has performed for the grass-roots



levels, and how many specific problems it has solved for the grass-roots levels. In the future, the province as well as prefectures, cities, and counties should adopt various measures to enable lower-level departments to appraise the work of higher-level departments, and to enable higher-level departments to change their way of thinking and work styles through the appraisals of lower-level and grass-roots departments.

#### **4. The Fundamental Way To Promote Agriculture Is To Upgrade the Overall Agricultural Production Capacity**

What is the overall agricultural production capacity? I think that besides policy factors, the overall agricultural production capacity principally includes the capability of fighting natural disasters, the conditions for building agricultural infrastructural facilities, scientific and technological services, the guarantee for supply of goods and materials, the conditions for delivery of commodities, and the quality of agricultural laborers. Therefore, the organization and improvement of the overall agricultural production capacity, by no means, depends only on the efforts of agricultural departments, but must rely on the concerted efforts of the planning, industrial, communications, education, scientific and technological, commercial, supply and marketing, grain, forestry, water conservancy, animal husbandry and water conservancy, and land departments. As far as agriculture itself is concerned, we must also carry out overall development. The requirements for agricultural development, covered in the 10-Year Program and the Eighth Five-Year Plan, are set forth in the "proposal" of the provincial party committee. We must deeply conduct investigations, make specific plans, and work out specific measures to realize our objectives, to upgrade the overall agricultural production capacity to a new level, to tap the potential of farmland, to develop farmland capital construction projects, to promote the overall agricultural development, to accelerate the pace of relying on science and education to rejuvenate agriculture, and to enable all trades and professions to serve and ensure the improvement of the overall agricultural production capacity.

#### **5. In Developing Agriculture, We Should Proceed From Realities, Give Different Instructions to Localities With Different Actual Conditions, and Avoid Seeking Uniformity in Doing Everything**

Our province is vast in territory. Thus, localities are different in terms of their natural resources and economic development levels. Therefore, to guide agricultural production, we must seek truth from facts, proceed from reality, make the best possible use of favorable conditions and avoid weaknesses, give full scope to advantages, and give different instructions to different localities with different actual conditions. On the premise of accommodating the overall plan of the province, localities should find out their breakthrough points by themselves, make the best use of their assets, and, in line with different actual conditions, seek wealth in different ways but not seek uniformity in everything;

however, we must never use natural resources and production conditions to hide our work contradictions. In fact, some of our province's localities are backward in terms of agricultural production and production levels, and poor in the economic results. Their backwardness and poor economic results are not completely a result of natural and production conditions but partially a result of their work problems. Many situations have proven that the localities with the same natural and production conditions are different in their development speed and production results. On the contrary, the localities with poor natural and production conditions score even faster development speed and higher production results than those with good natural and production conditions. So, we hope that all prefectures, cities, counties, and districts across the province would emulate those advanced in agricultural development, make comparisons and find where they lag behind, and make firm efforts to make breakthroughs and tap their own potential.

#### **6. Setting Up a Service System Should Be Regarded as a Priority in Deepening the Rural Reform**

At present, the vast number of the peasants most long for two things. The first is to provide goods services, and the second is to upgrade work efficiency. Analyzing the provincial situation, we know that those with fairly good services only amount to 30 percent, those with average services amount to 50 percent, and some 20 percent of the villages basically below-average services. The issue of services is rather complicated. In reality, there are four principles: First, we should set up service systems and networks among counties, townships, and villages. Second, the setup of the service systems should be guided by science and technology, depend on supply and marketing cooperatives and supply departments, and be connected with political power, intellectual resources, material resources, financial resources, and human resources. Third, to set up service networks, we should take counties as background, townships as a link, and villages as a foundation. We should principally rely on villages to serve households. Powerful and effective party branches are the key to serving households.

Fourth, it would be better that all townships and villages have appropriate economic strength, and those localities without appropriate economic strength may depend on the masses to conduct the paid service by themselves through the methods of organization, coordination, and guidance. At the moment, there are various types of successful typical cases of building a service system in our province; however, the key lies in the determination to popularize them. To achieve success in building a service system, we must attend to the following several points. 1) Party committees and governments at all levels should concentrate their efforts on building a service system by regarding it as a tough battle; and should wholeheartedly attend to grasping the three major tasks of building a service system: developing the collective sector of the economy, and building organizations at the grass-roots level. 2) All counties should organize various departments at the county level to jointly render service



to townships. Under the leadership of deputy township heads in charge of agricultural and scientific and technological affairs, all townships should organize the forces in all fields to establish comprehensive service centers in order to actually render services in the fields of agrotechnique, agricultural machines, water and power, and materials supply. With the key administrative and scientific and technological cadres at the village level as the core, various villages should depend on the masses to establish various kinds of service organizations, such as agrotechniques, agriculture machinery, water and power, and materials supply service centers. 3) Through the methods of perfecting land contracting, clearing up and recalling collectively owned property, and developing the collectively owned economic entities at the village level, we should strive to raise service funds and carry out paid service items to enhance the economic strength of collectives. 4) Pertinent departments at the provincial, prefectural, and city levels should actually improve the supply of seeds, chemical fertilizers, pesticides, agricultural plastic films, diesel oil, electricity, and agricultural machinery; and should truly supply these materials in a timely manner, in good quality, and in full in order to create conditions for various counties, townships, and villages to render service to peasants.

**7. We Should Unfailingly Grasp Science and Technology, and Improve Agriculture's Economic Efficiency Through the Campaign of Invigorating Agriculture by Applying Scientific and Technological Achievements and by Promoting Education.**

To beef up agriculture, we should, first of all, attend to the construction of farmland irrigation facilities to improve our capabilities of resisting natural calamities. Developing and making reasonable utilization of water resources should always be the most important key point of our endeavor to develop agriculture. The tasks of firmly and unswervingly carrying out the construction of farmland irrigation facilities, going all out to develop water-conserving agriculture, and energetically popularizing water-conserving measures should never waver under any circumstance. It should be noted, however, that whether or not agriculture can yield high output and can develop with good quality, low consumption, and high efficiency under the same basic production condition is decided by science, technology, and education. By invigorating agriculture through science, technology, and education, we mean, on the one hand, that leaders at all levels should further strengthen their sense of science and technology, and pay high attention to depending on science and technology. On the other hand, we mean organizing a large number of scientific and technological personnel to go deep into the countryside to better combine science and technology with production and peasants. To better combine science and technology with production, we should pay attention to the following four tasks: 1) Leaders at all levels, leaders primarily in charge of agriculture and science and technology in particular, should all pay attention to grasping experimental, demonstration, and model fields to give full

scope to the role of scientific and technological demonstration households. Through popularizing typical cases and making breakthroughs, they should also strive to promote the work of invigorating agriculture by applying scientific and technological achievements in their own localities. 2) Institutions of higher learning, scientific research institutes, and agricultural departments at the provincial level should all assume responsibility for the work of a number of counties through the six-fix methods (fixing personnel, places, time, projects, quotas, and awards and punishments.) 3) Agricultural departments and agricultural scientific research institutes of various prefectures and counties should adopt encouragement policies to transfer 60 percent of agricultural scientific and technological personnel to townships and towns to ensure that each township or town comprehensive service center has been provided with two or three specialized technical personnel. 4) To carry out the campaign of invigorating agriculture through science and technology down to all counties, townships, and villages, we must closely integrate the campaign with the construction of a service system, and should strive to combine the political power, intellectual resources, material resources, financial resources, and human power to make scientific and technological personnel truly display their role as production organizers and commanders under the leadership of directors in charge of agriculture and truly implement scientific and technological service in coordination with various other service items. 5) Planning, scientific and technological, and agricultural departments should jointly assign mandatory planning to lower levels and fix times to popularize the scientific and technological findings that are proved ready through experiments. 6) We should link the assessment and appointment of agricultural science professionals and technicians' specialized technical posts with accomplishments in providing scientific and technological services for rural areas to promote the reform work of scientific research units and encourage increasingly more scientific and technological personnel to work in the forefront of production. 7) We should show concern for the grass-roots agricultural technicians and pay attention to helping solve their working and living problems. The peasant technicians who have partially been released from production and have engaged in popularizing scientific and technological findings for 20 consecutive years can be transferred as collective contract workers. 8) We should help universities and colleges improve agricultural education so as to cultivate increasingly more agricultural science professionals and technicians gifted in many skills. We should vigorously promote the combination of science, education, and agriculture; and realistically strengthen the rural areas' vocational and technical education and adult education. 9) "Invigorate agriculture with science and education, and improving seeds is of paramount importance." We should conscientiously strengthen the setup of the system to breed and spread improved varieties; organize agricultural scientific research units to cooperatively tackle problems; closely combine agricultural production with scientific research, the breeding and popularization

of improved varieties, and seed supplies; and strive to upgrade the utilization of improved varieties. We should study and work out special plans to solve these problems.

#### **8. We Should Focus Efforts on Developing Channels for Circulating Farm Products**

Our province reaped bumper agricultural harvests over the past few years. The output of farm and sideline products increased by a large margin. This should be a good thing. Affected by the facts that the distribution of farm products is blocked; the circulation facilities, the circulation systems, and the means to regulate the circulation spheres are not suitable to the demands of agricultural development; the storage facilities are below capacity; and the grain processing capability and consumption is rather poor, many localities have the difficulty selling grain, fruits, and hogs; and some market prices are going down. Some peasants who produce more cannot increase their income. This directly affects their enthusiasm for production. The distribution of farm products is of extreme importance. If the peasants cannot market their commodities or fail to gain the value that they should gain, the peasants will neither be paid for their labor nor receive a return on their capital investment and it will certainly be hard to continue production. All this directly affects the development of agricultural production. So, we must pay equal attention to agricultural production and circulation work, and put the work of distributing farm products in an important position in the rural work and firmly attend to it. Leaders at various levels must pay full attention to this, study and grasp the circulation work, and exert great effort to revitalize the circulation sphere.

At present, having difficulties in marketing grain is a prominent problem relating to the circulation of the province's farm products. So, we should try every possible means and make greatest efforts to alleviate this contradiction. First, grain departments should make positive efforts and try every possible means to gain the support of the state; and adopt various means, such as building, repairing, renting, and borrowing storages, to expand the storage capacity and upgrade the utilization rate of the storage. In line with the spirit of the state assuming responsibility for the peasants and taking the overall situation into account, we should overcome difficulties, enliven management, try every possible means to purchase and store more grain, and satisfy the peasants' grain marketing demands. Governments at various levels and all departments concerned should understand the difficulties that grain departments have, and positively mobilize social forces to solve the problems relating to storage capacity. Second, grain departments at various levels should deepen reforms, study encouragement policies, strengthen the vitality of grass-roots grain storage facilities and stations, and help these grass-roots grain storage facilities and stations purchase and store increasingly more grain. Third, after fulfilling the grain purchasing tasks, we should open grain markets in a timely manner. Grain, industrial and commercial, tax, public security, and transportation departments should

make concerted efforts and open various channels to serve grain marketing. Meanwhile, we should work out favorable policies to encourage, support, and promote the marketing of grain.

Fourth, the province, prefectures, cities, and counties should all pay attention to grasping grain processing and grain consumption; should closely integrate grain processing and consumption with the development of the food industry, forage processing industry, and livestock and aquatic industry; and should positively initiate a number of grain processing projects to raise grain consumption and processing capacities. Fifth, foreign trade departments should positively and voluntarily seek more grain export quotas from the state, and strive to achieve success in this work to make the province export as much grain as possible.

State-run commercial and foreign trade departments as well as supply and marketing cooperatives should give full play to their role as the main conduit for agricultural products, and should vigorously develop the supply and marketing service trade in rural areas. This year, we should conduct a conscientious study of such major issues as supplying means of agricultural production, transporting manufactured goods to rural areas, and selling agricultural products, and should adopt measures to make a breakthrough in this regard. At the same time, we should further encourage and guide peasants to embark on the marketing sphere, pay attention to protecting the legitimate rights and interests of collectives and individuals, and disseminate goods through diverse channels in a firm and unswerving manner.

#### **9. We Should Concentrate Energy on Further Grasping the Work of Aiding the Poor.**

Since the third plenary session of the 11th party Central Committee, particularly during the Seventh Five-Year Plan period, our province has scored great achievements in the work of aiding the poor; however, although the poverty-stricken areas have been narrowed in scale, some major poverty-stricken areas and households have not yet witnessed a thorough change in their outlook, and the disparity between the poor and the rich has continued to expand in some areas. Therefore, we must concentrate our efforts on, give prominence to, and adopt effective measures for helping these areas develop production and the economy in order to change these areas' poor and backward outlook as quickly as possible.

Zhangjiakou and Chengde Prefectures are the two poorest prefectures of the province as well as old revolutionary base areas and areas where minority nationalities live in compact communities. During the Eighth Five-Year Plan period, we should regard these two prefectures as the major areas receiving aid, and should make great efforts to achieve results in aiding them. Toward poverty-ridden counties in mountain and plain areas, in addition to continuously and universally executing the state policies with regard to aiding the poor, we should also emphatically support those counties

where natural conditions are extremely poor, the economic foundation is extremely weak, financial burdens are extremely heavy, and the masses' living conditions are extremely difficult. At the same time, various counties that have already extricated themselves from poverty should specially pay attention to helping their poverty-ridden villages and households to extricate themselves from poverty. Regarding the methods of aiding the poor, in addition to giving support to the poor on a priority basis, we should vigorously advocate the method of forming pairs between various rich counties, rich townships, and large and medium-sized enterprises with solid economic strength and various poverty-stricken areas, and then establish economic cooperation between the rich and the poor to make the rich help the poor by providing information, talented persons, technology, and projects. By doing so we can support and promote the economic development of the poverty-stricken areas. Departments concerned should conduct a conscientious inspection and readjustment of the scale of the poverty-stricken counties and townships so that they may concentrate their efforts on supporting those areas whose difficulties are most grave and which have not really extricated themselves from poverty. The poorer the areas are, the more they should enhance courage, work hard, embrace the ideas of self-reliance and arduous struggle and the idea of fighting a protracted war, and guide the masses to eliminate poverty and become prosperous in line with the spirit of fighting on in spite of all setbacks. The poorer areas are, the more they should vigorously open themselves to the outside world, give full scope to their own advantages, strive to import funds, talented persons, and advanced technologies, and positively develop lateral economic integration and all forms of economic cooperation. The key to extricating poverty-stricken areas from poverty lies in vigorous economic development. Through strengthening development of natural resources and opening up more production channels, we should vigorously develop enterprises and products that play a leading role, and use these enterprises and products to encourage numerous households to lift themselves from poverty.

**10. All Trades and Professions Should Serve the Development of Agriculture Wholeheartedly and Do a Good Job in Organizing the Agricultural "Mass Chorus"**

All trades and professions and all departments should regard serving agriculture as their duty; and wholeheartedly, consciously, and voluntarily make contributions to developing agriculture. 1) Planning departments should work together with agricultural departments and all other departments concerned to conscientiously make specific plans for upgrading the overall agricultural production capacity; bring the upgrading of the overall agricultural production capacity into line with the national economic development plan; provide funds, materials, and methods to ensure the implementation of the plan; and strive to upgrade the province's overall agricultural production capacity with each passing year. 2) Mountainous, upland, and plain areas should assume

responsibility for agricultural development. They should not only carry forward the spirit of self-reliance and arduous struggle and rely on their own efforts for development but also enthusiastically strive to gain the support of the state. Planning departments and grain departments at various levels and the departments in charge of other professional work should make positive efforts to develop agricultural projects, positively report their work to the state, strive to gain increasingly more support, and make efforts to speed up the pace of developing agriculture. 3) Industrial, commercial, and supply and marketing departments should make concerted efforts and try every possible means to produce, distribute, and supply farm capital goods, such as chemical fertilizer, farm chemicals, plastic sheds, and diesel oil. We should be sure to supply the peasants with the goods and materials that are pledged for the amount of grain they sell to the state for fear of breaking our promises to the peasants. The masses have strong complaints about the supply of farm chemicals. We should learn a lesson from last year's cotton production which was reduced due to insect pests. This year, we should ensure the quantity of farm chemicals to be supplied as well as their effective and timely supply. Departments concerned should first guarantee the supply of oil and electricity to combat drought. The departments engaged in the production of capital goods for farming should make efforts to reduce production costs and to produce high-quality, cheap products. The departments engaged in the management of farm capital goods should improve their management style, reduce the supply and marketing links, and strive to ensure that all capital goods are adequately and steadily supplied at reasonable prices. 4) The departments engaged in the production of farm tools and machines should positively develop and increase the production of various farm tools and machines suitable to the development of agricultural production, and strengthen the production and supply of farm machinery parts. Efforts should be made to help repair farm tools and machines. 5) Financial and banking departments should enthusiastically collect funds, and try every possible means to ensure the allocation of funds necessary for use in agricultural production. At present, some funds are not well managed. Departments concerned should closely cooperate with each other to make overall arrangements, avoid each going its own way and making duplicate investment, and ensure giving full scope to the funds to be invested.

**11. We Should Realistically Strengthen Leadership and Conscientiously Improve Work Style**

To realize the agricultural development programs of this year and those covered in the Eighth Five-Year Plan, party committees and governments at various levels should realistically strengthen their leadership over the rural work. 1) Governments at the county and township levels should actually shift the focal point of work onto economic construction; and concentrate their main efforts, main energy, and more time on developing agricultural production and grasping the development of



the rural economy. According to this requirement, we should make some readjustments and improvements in the division of labor between leaders, the arrangement of time, the distribution of laborers, and leadership methods. 2) We should stabilize leading bodies at the county and township levels. During the past several years, in some areas, leading cadres at the county and township levels have been transferred to other posts so frequently that they have been unable to stay in grass-roots units in a constant manner and thus it has been difficult to plan and arrange for local economic construction from a long-term and overall point of view. From now on, except for those whose transfer is necessary due to special circumstances, leading cadres at the county and township levels should not be transferred in a rash manner. Toward the cadres who have worked for counties and townships for a long period of time and whose performances are outstanding, their remuneration may be increased with the approval of party committees at higher levels in accordance with the pertinent stipulations of the provincial party committee. 3) We should actually strengthen the building of organizations at the grass-roots level. Comrade Bingliang has set forth very good and important opinions on this issue, and it is hoped that these opinions will be implemented in an earnest manner. The key to successfully developing agricultural production and the rural economic work lies in good leading bodies at the grass-roots level, in particular, good leading bodies at the village level. These leading bodies include party branches which are able to fully exploit their role as a fighting force; villagers' committees which conscientiously execute policies, rules, and regulations and fully manifest the will and wishes of the masses; and cooperative economic organizations which have appropriate economic strength and are able to provide the people with effective services. The key to this work lies in personnel selection. Through the method of "internal selection," "assignment by higher levels," and "invitation," we should strive to fill leading posts with persons who are honest and fair and are competent at their jobs. At the same time, we should strengthen education among such persons, and train them constantly so that they can lead the masses to develop production in an even better manner. 4) We should be determined to grasp the implementation of various measures. The ideological train in the development of Hebei's agriculture is clear, and the goals and measures are definite. The key lies in the endeavor of leaders at all levels to carry them out in a whole-hearted and down-to-earth manner. Leaders should concentrate their efforts on finding out about and solving major agricultural development problems in their own localities and units. All localities should strive to do several concrete deeds for agriculture every year, and strive to truly achieve practical results from these concrete deeds. Toward the work priorities that have already been defined and the measures which have already been adopted, leaders should not be satisfied with merely announcing them at meetings and writing them on documents. They should personally take a hand in a down-to-earth manner, and should have the enthusiasm

of working with perseverance and working through to the end until results are achieved. They should also change the superficial and boastful work style, and should renounce empty talk in favor of arduous and solid work. 5) Party committees and governments at all levels must foster a good attitude. They should not be complacent and conservative over the achievements scored in agriculture over the past few years. In particular, the localities, which have already made some progress over the past few years, should all the more guard against arrogance and complacency. Proceeding from the local conditions, such localities should constantly set forth definite fighting goals, and unfold the activities of emulating, learning from, catching up with, helping, and, in turn, surpassing each other; however, the areas where economic development is relatively slow and the people's lives are relatively poor and difficult, must break with the passive and pessimistic mood as well as the fear of difficulty, must embrace a strong devotion to work and a strong sense of responsibility, must be keen in making progress and meet difficulties head-on, and must be determined to change their poor and backward outlook as quickly as possible.

### Northwest Region

#### Gu Jinchí Urges Improving Gansu College Faculty

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[Text] The party building and political and ideological education in institutions of higher learning must presently preserve a firm and correct political orientation. The authorities concerned must do a good job in strengthening college leadership line-ups and the contingent of college teachers.

Above is what Gu Jinchí emphasized at the meeting of the party and administrative leaders of colleges and universities, who were staying in Lanzhou, called by the provincial party committee Propaganda Department yesterday.

Attending the meeting were responsible members of the provincial party committee propaganda department, provincial education committee, and leaders of Lanzhou University, Northwest Teachers' University, Gansu Polytechnic University, and other 11 colleges and universities who were staying in Lanzhou.

(Liu Zhongyi), secretary of the Lanzhou University CPC Committee, and (Chad Jinlian) from Northwest Teachers' University, and others briefed the meeting on ideological trends among teachers and students in their schools and raised constructive suggestions about how the party should strengthen leadership over political and ideological work in colleges and universities.

Gu Jinchí, secretary of the provincial party committee, said: Institutions of higher learning are where the people are trained. I hope the authorities concerned will persist

in a firm and correct political orientation and improve the campus environment to facilitate educational work under the new situation. They should make great efforts to [words indistinct] and do a good job in training and selecting reserve cadres so that authority will be always in the hands of those who are loyal to Marxism. They should attach importance to the building of party and basic-level organizations and be kept informed of developments in all sectors.

Gu Jinchi stressed: What is important for institutions of higher learning lies in the building of the contingent of teachers. Able and qualified students can only be trained by able and qualified teachers. We should place work to strengthen the contingent of teachers high on the agenda. It is necessary to study and spread advanced experiences and effective methods in this respect with a view to strengthening the contingent of college teachers.

#### **Gansu's 1990 Statistical Communiqué**

*HK2903133991 Lanzhou GANSU RIBAO in Chinese  
7 Mar 91 p 2*

[Report: "Statistics Communiqué of the Gansu Provincial Statistical Bureau on the Province's National Economic and Social Development in 1990 (6 March 1991)"]

[Text] In 1990, under the correct leadership of the party Central Committee, the State Council, the provincial party committee, and provincial government, the people of all nationalities all over the province continued to steadfastly carry out the guidelines of economic improvement and rectification and the deepening of reforms, and through concerted efforts overcame natural

disasters and economic hardships, achieving initial success in the economic improvement and rectification endeavors. The national economy grew moderately, supply and demand was at a fundamental equilibrium, the economic structure underwent readjustment, and commodity prices were kept in check effectively. Foreign economic trade was further expanded, and urban and rural residents received increased incomes. Political and social stability was maintained as various social endeavors were further advanced. According to preliminary statistics, the gross national product for the year stood at 23.1 billion yuan, a 6.6 percent increase over that of the previous year; national income was 19.4 billion yuan, a 4.4 percent increase over that of 1989. The structural conflict between supply and demand, and between production and sales continued to exist. Moreover, declining economic efficiency and the relatively acute problem of financial difficulties have made the task of readjustment and reform very arduous.

#### **I. Agriculture**

The year 1990 saw an overall bumper harvest in agricultural production. Total output value in agriculture for the year was 5.65 billion yuan, an increase of 6.3 percent over that of 1989. In particular, the output value of crop plantation grew 6.0 percent, that of forestry grew 1.5 percent, that of animal husbandry grew 5.7 percent, that of subsidiary production grew 12.6 percent, while that of fishery grew 17.4 percent.

Among the major farm products, total grain output was 6.866 million tons, a net increase of 474,000 tons over that of 1989 which also set a new record high in history. The output of major economic crops like oil-bearing crops, cotton, and sugar also registered a notable increase.

The output of major cash crops was as follows:

	1990	Increase over 1989
Grains	6,866,000 tons	7.4
Cotton	8,000 tons	49.7
Oil-bearing crops	337,000 tons	10.8
Beetroot	724,000 tons	9.1
Cured tobacco	22,000 tons	43.4
Medicinal materials	26,000 tons	-12.3
Vegetables	2,046,000 tons	-1.4

Steady progress was made in animal husbandry with fairly rapid growth in the output of meat and continuing rise in the output of poultry, eggs, and dairy products. Meanwhile, the amount of sheep at hand fell.

The output of major animal products and livestock was as follows:

	1990	Increase over 1989
Pork	302,000 tons	8.1
Beef and mutton	73,000 tons	16.2
Cow milk	79,000 tons	5.9
Sheep wool	16,000 tons	-0.75
Pigs slaughtered	4,670,000 tons	6.8
Livestock at hand (year-end figure)	5,840,000 tons	1.1
Sheep in stock (year-end figure)	11,098,000 tons	-1.7
Pigs in stock (year-end figure)	5,947,000 tons	3.6

Initial progress was achieved in the construction of Liangshi. In 1990, the total output value in agriculture in the "Liangshi" region was 3.04 billion yuan, accounting for 53.8 percent of that of the entire province. The commercial grain base of Heshi has provided 834,000 tons of commercial grain to the state, accounting for 63.5 percent of the total amount from the province.

There was improvement in the general conditions for agricultural production. By the end of 1990, the aggregate power of the province's farm machinery was 5.68 billion watts, up 4.0 percent over 1989. There were 20,000 large and medium tractors, down 0.3 percent; 21,000 small and hand tractors, up 9.8 percent; 11,000 trucks, down 0.7 percent. A total of 376,000 tons of chemical fertilizers (100 percent effective content equivalent) were used, up 15.9 percent. Rural consumption of electricity was 1.42 billion kwh, up 9.0 percent. By the end of the year, the effective acreage of irrigated farmland was 12.817 million mu, up by 245,000 mu, while effective acreage of rice terraces was 13.149 million mu, an addition of 855,000 mu.

The town and township enterprises kept expanding. Their total output value for 1989 was 7.23 billion yuan,

a 15.3 percent increase over that of 1989. Total income was 6.23 billion yuan, an increase of 13.9 percent over that of the previous year.

The rural economy also grew stronger. The total output value of rural society in 1990 was 16.97 billion yuan, a 15.0 percent increase over the previous year. In particular, the output values of rural industry, construction, transportation, and commerce grew by 13.8 percent. The proportion of the total output values in agriculture, rural industry, transportation, and communications in the rural industrial structure grew to 0.35, 0.79, and 0.17 percentage points respectively over the previous year; however, the conflicts restricting a stable growth in agriculture are far from being resolved, and courageous efforts to remedy the weaknesses in agriculture will still be required.

## II. Industry

Industrial production in 1990 rose steadily and gradually shifted back to its normal path of growth. The gross industrial output value in 1990 was 18.62 billion yuan, up 7.3 percent over 1989 and surpassing the 7.0 percent growth stipulated in the plan. If industrial enterprises at and below village level were excluded, the industrial output would be 16.9 billion yuan, up 5.4 percent. Of the total industrial output value, that of state-owned industry grew by 3.8 percent, collective enterprises grew by 17.0 percent (of which township industry increased by 24.7 percent), and individual enterprises grew by 38.7 percent.

The development of light and heavy industries was kept in harmony, while the internal structure of industry underwent readjustment. The total output value for light industry in 1990 was 5.60 billion yuan, a 5.4 percent increase over the previous year; total output value of heavy industry was 13.02 billion yuan, an 8.1 percent increase over 1989. There was further development of the energy, raw materials, and farm industry, but the failure of industrial production structure to adapt to the supply and demand structure was still prominent, while the substantial stockpile of certain goods remained a problem.

The output of major industrial products was as follows:

	1990	Increase over 1989
Yarn	180,000 tons	1.69
Cloth	67,810,000 meters	0.8
Woolen fabrics	9,790,000 meters	10.7
Machine-made paper and paperboard	102,000 tons	0
Cigarettes	280,000 cases	13.8
Sugar	65,000 tons	-12.5
Washing machines	349,000	-3.1
Tape recorders	92,000	-46.9
Television sets	255,000	-10.2
Electricity	17.14 billion kwh	5.1



	1990	Increase over 1989
Coal	15,640,000 tons	10.5
Crude oil	1,460,000 tons	-0.5
Steel	669,000 tons	0.9
Rolled steel	386,000 tons	5.5
Pig iron	489,000 tons	-24.7
Synthetic detergents	24,000 tons	-8.5
Chemical fertilizers	267,000 tons	8.5
Chemical insecticides	2,400 tons	100.0
Plastic	82,000 tons	7.9
Small tractors	17,000 tons	-12.7
Synthetic rubber	44,000 tons	4.6
Cement	3,580,000 tons	-3.7
Plate glass	2,520,000 heavy cases	-11.0
Lumber (entire society)	539,000 cubic meter	11.1

The economic returns of enterprises continued to fall. In 1990, the state-owned industrial enterprises covered in the provincial budget turned over a total of 820 million yuan in profits and taxes, a 30.2 percent drop compared with the previous year. Of this, the drop in profits was 4.2 percentage points. The cost of comparable products rose by 4.4 percent, while the turn-over time for circulating funds increased to 59 days. More losses were incurred, with the deficit of losing enterprises at 110 million yuan, up 2.6 times more than the previous year. Overall labor productivity rate was 16,952 yuan, a slight rise of 2.2 percent over 1989.

The enterprise contract system was further improved. By the end of 1990, 369 enterprises extended their responsibility contracts, some 61 percent of all enterprises whose contracts expired in 1990. For the extended contracts, the general level of the base figure of profits to be turned over by the enterprises increased by an average of 6.8 percent when compared with the earlier contracts. Improvements were also made in the contents of the current contracts.

### III. Investments in Fixed Assets

Under the premise of continuing the "dual austerity" guidelines, the tight control over investments was eased in 1990 to stimulate the market and ensure moderate growth in production and construction. The completed investments in fixed assets in the entire society in 1990 was 5.57 billion yuan, an increase of 450 million yuan or 8.8 percent over the previous year. Of this, the investment of state-owned units was 4.53 billion yuan, up 11.5 percent; that of collective units was 330 million yuan, down 7.6 percent; and individual investment was 710 million yuan, down 0.5 percent.

Of all fixed assets of state-owned units, completed investment in construction projects was 2.84 billion yuan, a 6.8

percent rise over the previous year. Completed investments by the locality was 1.25 billion yuan, up 22.3 percent, and accounting for 103.8 percent of the readjustment plan. The investment structure was further adjusted, as the focus of investments shifted to the capital construction departments. Investments in productive infrastructure rose by 11.7 percent; its share in total investments rose by 4.6 percentage points on the basis of the previous year's 75.1 percent. Investments in nonproductive infrastructure went down by 14.4 percent, and its share in total investments dropped to 20.3 percent. Investments in agriculture was 270 million yuan, or 31.3 percent more than previous year's and its share in the total investment grew from the previous year's 7.8 percent to 9.8 percent; investments in raw material industry was 750 million yuan, 4.3 percent more than the previous year's and its share in total investments grew from the previous year's 20.6 percent to 24.2 percent. Investments in transportation, posts, and telecommunications took 200 million yuan, up 24.3 percent and its share rose from 6.1 percent to 7.2 percent.

Capital construction was speeded up. A total of 1.37 billion yuan was invested in 24 key projects in the province which were completed ahead of schedule in the annual plan. Twelve capital construction projects and key projects of technical updating and transformation, including the Jingyuan electric plant, Baiyun aluminum plant, Lanzhou No. 2 heating factory, phase two of Jingdian electric plant, Huating Matigou coal mine, Jinchang woolen mill, Gansu cotton mill, and Ganguang factory were either fully or partially completed and put into operation. Newly increased production capability included: 300,000 kw of power generation, 10 million integrated circuits, 450,000 tons of coal mined, 420,000 tons of cement, 4,800 spinnings of worsted wool, 100,000 mu of effective irrigated surface, 20,000 spinnings of cotton, and 300,000 cameras.

Great importance was attached to technological innovation of enterprises. Investments in technical updating and transformation projects in 1990 took 1.46 billion yuan, a 21.7 percent rise over the previous year. In particular, local investments were 790 million yuan, a 22 percent increase over 1989. Investments aimed at energy conservation and at increasing the variety of products grew by 14.6 and 10.1 percent, respectively. Of the investments in technical updating and transformation projects, investments for the purchase and installation of facilities and tools was 570 million yuan, 5.8 percent more than 1989. Fairly rapid progress was made in technical updating and transformation projects which focused on the "10 dragons" products. Two projects involving well-drilling installations and cold storage facilities were checked before being accepted and have realized output value worth 213.99 million yuan, with their products attaining advanced level both at home and abroad. The blast furnace at No. 1 Jiagang has resumed production. A total of 867 technical updating projects were completed and put into production in 1990, boosting the readjustment of product mix, renovation of facilities, and technical progress in existing enterprises.

#### IV. Transport, Posts, and Telecommunications.

The pressure on transportation remained prominent as communications and transportation steadily improved. The rotation volume of railway freight transport within the provincial borders in 1990 was 28.67 billion ton-km, up 1.6 percent over 1989; the volume of goods transported was 23.86 million tons, 100.3 percent of the target set in the annual plan. The rotation volume of highway freight transport in the entire society was 5.63 billion ton-km, 3.9 percent more than the previous year; the volume of goods transported was 142.28 million tons, up by 19.4 percent. The rotation volume of railway passenger transport within the provincial borders was 7.28 billion person-km; the volume of passengers transported was 8.6 million persons. All these met the target set in the annual plan. The rotation volume of highway passenger transport was 4.19 billion person-km, down 1.8 percent from 1989; the volume of passengers transported was 78.18 million persons, down 13.1 percent from 1989; the rotation volume of airline passenger transport was 229.92 million person-km, up 15.7 percent.

Rapid growth was made in post and telecommunications services, with business transactions in the province totaling 101.93 million yuan, up 20.6 percent from 1989. New businesses grew dramatically—67.0 percent rise in fast postal services, 62.9 percent in express delivery service, and 6.9 times in faxes. Urban telephone subscribers reached 740,000, up 16.1 percent; the income of central and state post and telecommunications services reached 139.02 million yuan, 25.2 percent more than 1989; income from rural telephone services was 11.67 million yuan, up 12.2 percent.

#### V. Materials and Energy Sources

The supply and demand of main commodities was basically kept in equilibrium in 1990, while consumption of goods and energy registered a slight decline. The total value of material consumption by state-owned and collectively owned units at and above county level in the entire province was 15.22 billion yuan, 12.0 percent more than 1989. Consumption of principal raw materials was lower than the previous year. The consumption of pig iron, rolled steel, cement, and lumber dropped 3.9 percent, 3.6 percent, 6.1 percent, and 2.3 percent respectively, compared to that of 1989. Meanwhile, the percentage between volume available and volume consumed of pig iron, rolled steel, cement, and lumber was 104.1 percent, 107.4 percent, 94.5 percent, and 101.7 percent, respectively.

Of the 133 major items tested by key enterprises, the material depletion target of 98 items or 73.7 percent of all items was either lower or the same as 1989's, while that of 35 items or 26.3 percent of all items was higher than the previous year. The rate of stable decline reached 74 percent, two percentage points higher than the previous year.

The terminal consumption volume of energy in 1990 took 13.34 million tons of standard coal, 2.1 percent

more than 1989. The industrial departments consumed 8.4 tons of energy for every 10,000 yuan of total industrial output value, a decline of 0.25 tons from that of 1989, while the energy conservation rate was 2.88 percent. A total of 395,000 tons of standard coal was conserved in 1990.

The provincial department for supply and marketing of materials purchased a total of 2.73 billion yuan worth of materials, 1.7 percent down from 1989; a total of 2.81 billion yuan worth of goods was marketed and sold, 4.2 percent down from 1989.

#### VI. Commerce and Commodity Prices

The market stabilized and slowed down slightly, while sales of means of agricultural production rose. The total value of retail sales was 10.96 billion yuan, down 2.4 percent from 1989. The retail sales of consumer goods were 8.36 billion yuan, down 5.1 percent from 1989; sales of retail commodities to institutions were 1.25 billion yuan, down 0.2 percent from 1989; retail sales of means of agricultural production were 1.34 billion yuan, up 15.3 percent from 1989. In terms of the different categories of economic entities, the retail sales of state-owned units grew 4.8 percent, that of collective units declined 15.4 percent, and that of individual units grew 5.7 percent. Looking at the urban and rural markets, urban retail sales for the entire year dropped 7.4 percent, while those at and below county level rose 0.2 percent.

Compared to 1989, the decline in retail sales of food, clothing, and household goods was 5.2 percent, 8.6 percent, and 3.6 percent, respectively. Of the major commodities, retail sales of grain, edible oil, aquatic products, color television sets, and refrigerators grew 4.9 percent, 14.5 percent, 27.5 percent, 21.9 percent, and 20.3 percent respectively, compared to 1989. On the other hand, varying degrees of decline were registered in the retail sales of many commodities including tobacco, alcohol, cotton, woolen cloth, bicycles, and watches.

There were 1,451 urban and rural country fair trades held in the entire province in 1990, with business transactions for the year totalling 2.28 billion yuan, 6.5 percent more than the previous year. Of this, the volume of vegetables transacted was 9.3 percent higher than 1989, while those of meat, poultry, eggs, and aquatic products declined.

Fairly great strides were made in foreign economic trade. The total volume of foreign trade purchases was 1 billion yuan (real prices), 24.0 percent higher than 1989. Direct foreign exports reached 185.67 million dollars, 21.1 percent higher than 1989. In 1990, 19 contracts and agreements for the utilization of foreign capital worth 210.4 million dollars were signed. Of these, foreign capital for contracts for processing with supplied materials, drawings and samples, assembling with supplied parts, and compensation trade totalled 13.61 million dollars. Work and labor contracts totalled 140 million dollars.

Tourism made a fairly quick recovery. The province received 330,000 foreign tourists, Overseas Chinese, and Hong Kong and Macao compatriots in 1990, 93.7 percent higher than 1989; foreign exchange income amounted to 8.07 million dollars, 54.9 percent higher than 1989.

Commodity prices in the market remained stable. The general level of retail prices in 1990 rose 3.4 percent, clearly lower than the previous year's growth level of 16.4 percent. Analyzed according to urban and rural markets, the general level of retail prices in cities and towns rose 0.6 percent; it rose 5.8 percent in the villages. In terms of different categories of commodities, the sales of food items rose 1.3 percent, of which sales of meat, poultry, and eggs dropped 1.3 percent, that of vegetables rose 5.4 percent, and that of aquatic products dropped 5.2 percent; the sales of clothing items rose 6.1 percent; that of basic necessities rose 1.6 percent; that of medicine and medical goods fell 1.6 percent; that of fuel rose 7.6 percent. Sales of the different categories of means of agricultural production rose 11.2 percent. The general costs of living of urban and rural residents rose 1.9 percent.

The increase in prices of means of production has gradually tapered off. The increase in purchase prices of raw materials, fuel, and power rose 14.1 percent, down 15.7 percentage points over the margin of increase in 1989.

#### **VII. Science and Technology, Education, and Culture**

Scientific research and its application were boosted, while more scientific results were obtained. Funding of the three categories of scientific and technical projects at the provincial level in 1990 was 9.5 percent higher than 1989. A total of 275 major scientific and technical results of state and provincial levels were obtained in 1990, 16 more than 1989. Of these, one item won state citation, while 114 others were given the province's awards for scientific and technical progress and the province's Spark award. At the "Exposition on Applied New Technologies and Results from China" held in Bangkok, Thailand, our province won 10 "Sparks" scientific and technical awards. Our country's first extreme vacuum fluted ammonia condensation pump of advanced international level was successfully manufactured in Lanzhou. The application rate of scientific and technical results reached 75 percent. The high-tech production, development, and experimental zone in Ningwozhuang accumulated 90 items for development, of which 11 were new items. Direct economic benefits amounted to 36.67 million yuan, making up 50.3 percent of the total income for the year. Social sciences were also further advanced, with 90 social scientific results being cited at the province's second awards ceremony for outstanding results in social sciences.

The educational structure underwent readjustments, as compulsory education, vocational, and technical education were further upgraded. The enrolment rate of school-age children was 94.4 percent, or 0.5 percentage points higher than in 1989. There were 2.42 million

students in elementary schools and 960,000 in ordinary secondary schools—these represented varying degrees of decline compared to 1989. There were 50,000 students in secondary vocational schools, 0.5 percent higher than in 1989. Institutions of higher education took in 10,153 students or 5.8 percent higher than in 1989, a total student enrolment of 32,805, down 1.2 percent over 1989; they took in 307 graduate students, and had a graduate student enrolment of 1,052. Steady progress was also made in adult education. There were 160,000 students in adult technical training schools or 66.1 percent higher over 1989; 29,000 in adult secondary specialized schools or a 2.9 percent increase over 1989; 20,000 in institutions of adult higher education or a 3.9 percent increase over 1989. Schools funded and operated by the people also proved successful as they helped alleviate to a certain degree the teaching conditions in our province.

A momentum for the growth of cultural endeavors was maintained. In 1990, the province had a total of 2,871 film projection units, 85 artistic ensembles, 99 folk art museums and cultural halls, 83 public libraries, and 40 museums. There were also 20 radio broadcasting stations, 21 radio transmitting and relaying stations, eight television stations, and 788 television transmitting and relaying stations. The percentage of the population reached by radio broadcasts rose from the previous year's 59.7 percent to 61.8 percent, while that of television rose from the previous year's 65.0 percent to 66.5 percent.

In 1990, the province published 72.35 million copies of 755 kinds of books; 32.74 million copies of 88 kinds of journals; 210 million copies of 49 kinds of newspapers; and issued 100 million copies of books and publications.

#### **VIII. Public Health, Sports, and Environmental Protection**

Further improvements were made in medical conditions. By the end of 1990, there were 4,132 different medical and health institutions and 46,000 hospital beds, up 3.3 percent over 1989. There were 71,000 medical and technical personnel, up 2.9 percent over 1989. Of these, there were 33,000 doctors or up 3.1 percent; 16,000 nurses or up 5.0 percent. In the countryside, there were 21,000 village level medical centers, 19,000 rural doctors, and 13,000 health workers.

New successes were scored in sports. In 1990, athletes from our province won a total of 12 gold, 16 silver, and 17 bronze medals and equalled a national record in both major international and domestic competitions. At the 11th Asian Games, they took two gold, six silver, one fifth place, and one sixth place. Mass physical exercise activities were also broadly developed. A total of 2,654 games were held above county level in the province, with participation by 920,000. Furthermore, 1.23 million persons met the "National Standards for Physical Exercise".

There was gradually more importance given to work on environmental protection and on pollution control. In 1990, 96.5 percent of targets for environmental control



as stipulated in the plan were completed. The province implemented 126 projects on environmental protection. It completed on schedule nine pollution control projects, with total investments of 32.02 million yuan. The volume of industrial water treated in 1990 was 140 million tons. The total volume of polluted water and materials treated was 190,000 tons, while the amount of industrial purification was 109.8 billion cubic meters. Newly designated air pollution controlled regions and nonsmoke regions totaled 106 square km. There were also improvements in some parts of the urban environmental situation.

### IX. Living Standards

The people's income rose while consumption demands also picked up. The total wage bill for staff and workers in the province in 1990 was 5.48 billion yuan, up 12.0 percent over 1989; the per capita wage was 2,439 yuan, a real increase of 8.5 percent if price hikes were excluded. Data from a sample survey of urban residents showed that the per capita cash income of urban residents that could be used for living expenses was 1,245 yuan, up 9.9 percent over 1989 and a real increase of 7.9 percent if price increases were excluded. Data from a sample survey of rural residents showed the per capita net income of peasants at 403 yuan, up 7.2 percent over 1989 and a real increase of 2.9 percent if increases of commodity prices were excluded. In terms of net income, per capita productive income rose 6.1 percent; nonproductive net income rose 26.2 percent. Peasant households with per capita income lower than 200 yuan fell from 1989's 14.5 percent to 9.7 percent.

Employment increased as the number of staff and workers expanded. A total of 107,000 persons were given jobs in 1990. By the end of the year, staff and workers numbered 2.316 million or 3.5 percent higher than in 1989. Of this total, the number of workers employed by state-owned units was 1.948 million or an increase of 47,000; the number employed by collective-owned units was 365,000 or an increase of 31,000. There were also 80,000 individual workers in urban areas.

Savings deposits continued to grow in both urban and rural areas. By the end of 1990, the value of savings deposits by residents in the province reached 10.02 billion yuan, 35.5 percent higher than at the end of 1989. Of this total, savings deposits of urban residents was 8.42 billion yuan or up 36.8 percent; that of rural residents was 1.64 billion yuan or an increase of 29.8 percent.

Urban and rural living conditions were further improved. A total of 1.42 million square meters of new buildings were completed in urban areas with a per capita increase of 0.4 square meters; a total of 5.36 million square meters of new buildings were completed in rural areas with per capita increase of 0.3 square meters.

Rapid growth was made in insurance services. The premiums for insurance in 1990 totalled 203 million yuan, up 24.5 percent over 1989. The total volume of assumed risks was 44.8 billion yuan or an increase of

29.4 percent over 1989. Some 6,555 enterprises and 406,000 households participated in property insurance, while 2.87 million persons in life insurance programs. The insurance companies took 38,000 claims for various kinds of losses, and paid out 64.29 million yuan in claims. Another 11.62 million yuan was paid out upon expiration of insurance policies.

### X. Population

The birth rate in the province in 1990 was 20.68 percent, the death rate was 6.20 percent, and the natural growth rate was 14.48 percent. By the end of the year, total population stood at 22.54 million, or 840,000 more than at the end of 1989.

**Notes:** 1. Some figures in this communique are preliminary statistics for the year. The gross national product, national income, total rural output value, total output value, and total income of rural enterprises quoted in the communique are calculated based on prices of the corresponding year; total agricultural and industrial output values are calculated based on fixed prices in 1980; total output value in rural society, the output value of rural enterprises, and the rate of income growth are calculated according to current prices, while the other growth rates are based on comparable prices.

2. Gross national product refers to the sum of the incremental values of the material production departments and of the nonmaterial production departments.

3. The total population of the province in 1990 is derived from the natural growth rate and the fourth population census data.

4. The base year figures are all from the official statistics of the "Statistical Yearbook of Gansu".

### Yin Kesheng Discusses Two-Support Work

HK1004045391 Xining Qinghai Provincial Service  
in Mandarin 2300 GMT 5 Apr 91

[Excerpts] The provincial two-support work conference successfully concluded in the provincial People's Auditorium yesterday afternoon after completely fulfilling its tasks.

The conference called on the broad masses of servicemen and people across the province to take immediate action to conscientiously study and implement the spirit of the Seventh Plenary Session of the 13th Party Central Committee and the spirit of the National Two-Support Work Conference, strengthen unity between army and people, and make concerted efforts to open up new vistas for two-support work. [passage omitted]

The convocation of the conference will undoubtedly give a powerful impetus to our province's stability and development, to unity between army and government as well as between army and people, and to nationality solidarity and progress.

The closing session of the conference was presided over by Zhao Lianpei, political commissar of the provincial military district.

The session also announced a decision made jointly by the provincial party committee, the provincial people's government, and the provincial military district on conferring titles on and commending the advanced.

To joyful music, Comrade Yin Kesheng and Lieutenant General Zhou Wenyan conferred certificates of merit and medals on Golmud City and Huangyuan County, which were model two-support city and model two-support county respectively.

Major General (Kong Zhaowen) presented silk banners to Golmud City and Huangyuan County.

Provincial party, government, and military leaders also conferred certificates of merit on advanced two-support collectives and individuals.

Zhou Wenyan, deputy director of the People's Liberation Army [PLA] General Political Department, delivered a speech at the session.

On behalf of Yang Baibing, secretary general of the Central Military Commission, and the PLA General Political Department, Zhou first extended cordial appreciation to all the advanced collectives and individuals commended at the conference and to all the troops and armed police units stationed in Qinghai. He also expressed heart-felt thanks to party and government leaders at all levels and to the people of all nationalities in Qinghai, who had for years shown great concern and support for army building.

After speaking highly of the achievements scored and the basic experiences accumulated by our province in two-support work, Comrade Zhou Wenyan said: Qinghai's success in two-support work is attributed to a sound understanding, a firm foundation, profound feelings, and down-to-earth work. In the future, we must try to understand fully the importance of successfully carrying out two-support work from the high plane of maintaining long-term stability and security and promoting national prosperity and development to further strengthen nationality solidarity and push ahead with in-depth two-support work development. Troops should actively participate in two civilizations building, make new contributions to economic prosperity and social progress in areas inhabited by ethnic minorities, and build more model two-support cities and counties to raise our two-support work to a new level.

At the closing session, provincial party committee Secretary Yin Kesheng delivered an important speech entitled: Further Strengthen Unity Between Army and Government and Between Army and People, Raise Our Provincial Two-Support Work to a New Level.

He pointed out: Over the past few years, like other areas in our country, our province's two-support work has scaled new heights on its original basis and made much headway

amid reform and explorations with the result that its contents have become richer, its forms more varied, and its results more satisfactory. The blood-flesh and fish-water relations between army and government and between army and people, which have formed as a result of long-term struggle and practice, have been further improved and solidified. Now the ideological concept that the army and the people of all nationalities are inseparable has struck deeper root in the hearts of the people. The emergence of an unprecedentedly good situation in our province's two-support work is really encouraging.

Yin Kesheng said: The two-support work is an important component of our party's entire work. We must heighten our understanding and strengthen our leadership in this regard.

He said: Qinghai is a remote region inhabited by people of various nationalities. Leaders at all levels in local areas should regard showing concern and support for army building as their unshirkable duty and should try to create a fine social atmosphere in which the army is loved, respected, and supported. The army must always bear in mind its aim of serving the people heart and soul and must further develop its fine tradition of loving, learning from, and serving the people.

Yin Kesheng said: We must more clearly define our guiding ideology and maintain a correct orientation in doing two-support work. Our slogan is: The army and local areas must make concerted efforts to carry out two-support work and jointly build two civilizations. The army, government, and people must strengthen unity to jointly develop Qinghai, bring prosperity to Qinghai people, and make more contributions.

He pointed out: To maintain a correct orientation for two-support work, it is first of all necessary to continue to carry out activities aimed at enabling army and people to learn from each other; second, all forms of two-support and two civilizations building work carried out jointly by army and people should embody a lofty political ideology; third, [words indistinct], it is necessary to continue to implement the system under which troops and local areas employ each other's political workers; fourth, it is necessary to make use of all education means so that troops and local areas can jointly carry out all forms of education and entertainment activities to enrich their spiritual lives, nurture their ideological values, and enable proletarian ideology to occupy the cultural front.

Yin Kesheng said: To successfully carry out two-support work, we must focus our work at the grass-roots level. Party committees and governments at all levels must proceed from actual conditions and strengthen classified guidance, examination, and supervision. Two-support work at the grass-roots level must aim at establishing a sound system, implementing such a system to the letter, regularly carrying out activities in this regard, and improving various relations.

Leading comrades of the Lanzhou Military Region and the state Ministry of Civil Affairs also delivered speeches at the session.

More than 1,000 people attended the closing session. [passage omitted]

#### **Xinjiang Orders 15 Enterprises To Improve Quality**

OW0904075591 Urumqi XINJIANG RIBAO in Chinese  
27 Mar 91 p 1

[By reporter Zhu Yuejin (2612 1878 6651)]

[Text] A sampling of batches of products in Xinjiang revealed that 31.7 percent of them were of substandard quality. This was announced by a responsible person of the autonomous region's standards bureau at a 21 March meeting on promoting product quality, hosted by the autonomous region's economic commission.

From January to February this year, various centers and stations in charge of supervising and inspecting product quality in the autonomous region randomly inspected 119 types of products (commodities) at 90 enterprises. Of the 155 batches of products inspected, 68.3 percent passed the tests.

Problems related to product quality were most prominent in machinery and electronics products, followed by fodder, paper, and chemical industrial products. The autonomous region's quality inspection bureau randomly inspected eight

batches of warehouse stocks in a farming machinery company in the Changji Hui Autonomous Prefecture, and found that their specifications failed to meet the prescribed standards. Three batches of electric products sampled also were substandard. The passing rate for fodder was only 30 percent, and paper 50 percent.

At the meeting, leaders of the autonomous region's economic commission and responsible persons from 15 enterprises, whose product quality was substandard, and from competent departments analyzed the reasons for the substandard product quality. They said that, in addition to objective reasons, such as a rundown facilities and backward techniques, the major reasons were a weak sense of product quality among leaders, workers, and staff members, as well as unprofessional management, which resulted in ineffective quality control.

The autonomous regional economic commission asked the 15 enterprises to resolve existing problems within a stipulated period before the end of the second quarter, after which the standards bureau will reexamine and approve their products. To promote in-depth activities marking "the year of quality, variety, and efficiency" in our region, and to elevate the region's industrial product quality to another level, the autonomous region's economic commission soon will adopt strong and effective measures and warn enterprises manufacturing substandard products, ordering them to implement consolidation and improvement measures within a stipulated period. Enterprises which fail to achieve the required standards after a certain period will face economic sanctions or even cancellation of production permits.



### **Taipei Accord With Straits Exchange Foundation**

*OW0904233491 Taipei CNA in English 0831 GMT  
9 Apr 91*

[Text] Taipei, April 9 (CNA)—The Straits Exchange Foundation (SEF) will be officially commissioned to verify Mainland Chinese documents when it signs a contract with the Cabinet Mainland Affairs Council (MAC) Tuesday afternoon.

MAC said it is entrusting SEF, a civilian intermediary organization established with government assistance, to handle 28 tasks related to documents or identity verification.

The mainland documents SEF will verify include commercial and technical cooperation contracts, tax records and the like.

The contract will be signed by MAC Chairman Shih Chi-yang and SEF Chairman C.F. Koo at the Executive Yuan conference room.

Civilian exchanges across the Taiwan Strait have grown rapidly since the government permitted local citizens to visit the mainland for family reunions in November 1987. MAC hopes SEF will help resolve problems arising from such exchanges, cabinet officials said.

MAC plans to later commission SEF to help settle cross-strait trade and fishing disputes, and to handle indirect money transfer, the officials added.

### **Ministry Analyzes Taiwan Investment in PRC**

*OW0904153791 Taipei CNA in English 0858 GMT  
9 Apr 91*

[Text] Taipei, April 9 (CNA)—The picture of the investments made by Taiwan entrepreneurs on the Chinese Mainland is getting clear, an official with the Ministry of Economic Affairs said Tuesday.

He said some 2,400 investors have so far registered with the ministry their adventures on the mainland. An analysis of the investments will be made soon to find out the investors' lines of business, financial condition, type of investment, product categories, and the relationship between their investment and the manufacturing industry of Taiwan.

A preliminary study has revealed that the investments have exceeded 2 billion U.S. dollars, and have spread from coastal areas in southeast China to other coastal areas in Jiangsu, Shangdong, Hebei, and Manchuria, he said.

One thing worthy of notice is that more and more Taiwan capital-intensive and technology-intensive industries have made investment on the mainland, he said.

The number of Taiwan investors in the service industries on the mainland is also increasing, he added.

The Taiwan investors in the mainland manufacturing industry have their eyes on the American market rather than the Mainland Chinese market, he said.

The analysis of Taiwan investments on the mainland will enable the government to help domestic entrepreneurs make well-planned and efficient investment on the mainland in the future, he added.

### **'All-Out Effort' Against Suspect Mainland Ships**

*OW0904153991 Taipei CNA in English 0907 GMT  
9 Apr 91*

[Text] Taipei, April 9 (CNA)—The nation's top police officer ordered an all-out effort Monday to crack down on Mainland Chinese ships suspected of smuggling stowaways and goods into Taiwan.

Chuang Heng-tai, director general of the National Police Administration, issued the order while accompanying lawmakers on an inspection tour of the police groups charged with the job.

The sudden increase since last month in the number of Mainland Chinese slipping into Taiwan has alarmed authorities. Only yesterday, 71 mainland stowaways were nabbed, following Sunday's 113 arrests and another 100-odd over the past month.

Two of the illegal mainland entrants were women. Both Lin Hsiu-chin, 23, and Tseng Ai-wu, 43, were from Pintan, Fukien Province.

Chuang said floods of mainland stowaways and smugglers have increased because Mainland Chinese laws do not treat such behavior as illegal.

As a result, he noted, a number of Mainland Chinese have tried to slip into Taiwan as many as seven times. A fisherman recently shot dead by policeman Chou Hsien-kuang had entered Taiwan three times.

The ROC [Republic of China] Red Cross faxed its appeal to the mainland Red Cross and enclosed clippings of newspaper articles on the recent arrests of mainland stowaways.

The Ministry of Justice meantime decided to give law-enforcement officers a free hand to shoot at and even destroy mainland boats refusing to leave waters off Taiwan after being warned.

Ministry officials said tough actions are needed to protect national security.

### **Official: GATT Membership 'Matter of Urgency'**

*OW0904193991 Taipei CNA in English 0814 GMT  
9 Apr 91*

[Text] Taipei, April 9 (CNA)—The Republic of China [ROC] must join the General Agreement on Tariffs and

Trade (GATT), the world's principal trade negotiating forum, Vice Economic Affairs Minister Wang Chih-kang said Monday.

Wang told a 10-day seminar on the GATT Uruguay Round trade talks sponsored by the Board of Foreign Trade that the Geneva-based organization regulates world merchandise trade, and, as a global trading power, the ROC must join GATT to help counter international trade protectionism.

The ROC must currently negotiate with each of its major trading partners to resolve trade problems and to eliminate trade barriers. It is always hard to reach agreement in such talks, particularly with countries that do not maintain diplomatic ties with Taipei, Wang noted.

If the ROC enters GATT, Wang said, it will at the same time gain consultation channels with 101 other member countries around the world.

"Joining GATT is therefore a matter of urgency in our bid to diversify export outlets," Wang stressed.

The ROC applied for GATT membership in January 1990 under the name "Taiwan, Penghu, Kinmen and Matsu Customs Territories."

#### **Puerto Rico Encourages Expanded Investment**

OW0904194391 Taipei CNA in English 0806 GMT  
9 Apr 91

[Text] Taipei, April 9 (CNA)—Puerto Rico is an excellent access to U.S. markets for Taiwan businessmen, Puerto Rico Lieutenant Governor Antonio J. Colorado said Monday. Colorado arrived here Monday with a trade delegation that will seek opportunities to cooperate with local businesses. Speaking at a seminar held at the Taipei World Trade Center, Colorado said that Puerto Rico has close relations with the United States and there are neither tariff nor quota restrictions on products entering U.S. markets. Taiwan manufacturers should use this advantage by investing in Puerto Rico. Investments by some Taiwan businessmen in jewelry processing and aquaculture have shown good profits over past years, Colorado explained. He urged electronics and textile industries to consider investing in his country.

#### **Further on New Zealand Aviation Pact**

OW0904233191 Taipei CNA in English 0826 GMT  
9 Apr 91

[Text] Taipei, April 9 (CNA)—The Republic of China [ROC] expects to sign an aviation agreement with New Zealand by the end of April now that Wellington has agreed to upgrade Taipei's representative offices there, Communications Ministry officials said.

Taipei does not have diplomatic ties with New Zealand, but maintains an East Asia Trade Center in Wellington to conduct substantive bilateral relations.

The ROC and New Zealand had already reached a consensus on technical and commercial details concerning the opening of direct air services between the two countries when a Taipei delegation visited Wellington last month, the officials reported.

Each country will operate four round-trip flights weekly; Air New Zealand and Taipei's China Airlines (CAL) and Eva Airways will fly the new routes.

The officials said CAL and Eva can fly from Taipei or Kaohsiung and make technical landings in New Zealand via Australia, but they can neither load nor unload passengers and cargoes there.

Under the Taipei-Canberra aviation pact, the officials explained, Australian airlines can fly from Taiwan to two other Asian cities while ROC airlines can operate commercial flights in Australia.

"We do not offer extended flight rights to New Zealand," the officials said, "our airlines therefore cannot do business in Wellington."

The Ministry of Foreign Affairs is expected to resolve some minor issues with New Zealand authorities in the next few weeks to finalize the exchange of aviation rights between the two countries, the officials added.

#### **Malaysian Investment Agreement Expected in Jul**

OW0904194191 Taipei CNA in English 0809 GMT  
9 Apr 91

[Text] Taipei, April 9 (CNA)—The Director General of Malaysian Industrial Development Authority N. Sadasivan said Monday he hoped an investment guarantee agreement between Malaysia and the Republic of China can be signed in June or July of this year.

Sadasivan was replying to questions concerning investment guarantees raised by participants in the Malaysian Investment Seminar. More than 200 participants attended the seminar, which was co-sponsored by Malaysian Friendship and Trade Center and the Industrial Development and Investment Center of the Ministry of Economic Affairs.

Taiwan investments in Malaysia, worth U.S.\$2.3 billion in 1990, have exceeded those of Japan.

Sadasivan said Malaysia is not considering relaxing its requirement for five-year tax exemptions granted to foreign investors, but he promised to do his best to help Taiwanese businessmen invest in his country.

Malaysian law requires investing companies employ half of their workforce in Malaysia to be exempt from taxes.

But seminar participants complained that they have been prevented from getting the exemption because Malaysian laborers would not work in their companies.

Sadasivan said that his government would seriously look at the problem. As for the investment guarantee agreement, he said that negotiations are still continuing between the two countries, but he hoped that the agreement could be signed in July in tandem with an agreement on double taxation agreement.

**Opposition Deputies Urge Constitutional Reform**

OW0904232991 Taipei CNA in English 0821 GMT  
9 Apr 91

[Text] Taipei, April 9 (CNA)—Three top business and industrial tycoons are among those calling for earnest endeavor by National Assembly [NA] to smoothly accomplish the contemplated constitutional reform.

The first NA—one that has lasted since 1948—opened its 15-day extraordinary session Monday to pave the way for the coming of second NA and for better constitutional democracy.

Not unexpectedly, however, deputies of the opposition Democratic Progressive Party launched one wave after another of verbal and often physical offensives to disrupt proceedings and have their voices heard.

Calls for orderly assembly conduct came from others as well, but the three tycoons who jointly issued a strong statement are Koo Chen-fu, Hsu Sheng-fa, and Wang You-theng who head the National Association of Industry and Commerce, National Federation of Industries, and General Chamber of Commerce, respectively.

Those others who have issued similar calls include Lee Chen-chia, chairman of the National Association of Small and Medium Enterprises, and Tai Sheng-tung who heads the Young Entrepreneurs Association.

Full support was expressed for the reform move started by the ruling Kuomintang to breathe new life into the Republic of China's three parliamentary bodies and better facilitate nation-building in line with the global trend for greater democracy.

Points demanded by the opposition include 1) election of president by all the people, not indirectly by the National Assembly, and 2) the senior assemblymen from the mainland days, supposed to retire before the end of this year, are not qualified to undertake constitutional amendment work.



## Hong Kong

### Li Peng Stresses Importance of MFN Status

OW1004105491 Beijing XINHUA Domestic Service in Chinese 0757 GMT 10 Apr 91

[Text] Beijing, 10 Apr (XINHUA)—Premier Li Peng said here today that the United States' continuing to accord China most-favored-nation (MFN) treatment is an important factor in developing Sino-U.S. relations.

He said Sino-U.S. economic and trade relations are a basic part of overall Sino-U.S. relations. Most-favored-nation treatment is the key link in the two countries' economic and trade relations. Therefore, China is very concerned about this issue.

Li made the remarks in a meeting with a Hong Kong economic mission led by Li Guowei, Chairman of the Hang Seng Bank, Ltd.

According to a Chinese official who attended the meeting, the mission members said that Hong Kong economic circles strongly hope that the United States will continue to accord China MFN. They pointed out that Hong Kong will be the first to be affected and sustain great losses if China's MFN status is canceled.

Li said: "We expect the United States to maintain the present MFN position, thus enabling Sino-U.S. relations to develop healthily. This is not only in accord with Chinese and American interests but also an important factor for developing those relations."

He said it would seriously hurt [yan zhong sun hai 0917 6850 1275 1364] bilateral relations, economic and trade relations in particular, if the U.S. side suspended China's MFN status or attached conditions to the continuation of that status.

He said that not only China but a large number of U.S. firms with economic and trade connections with China would inevitably sustain losses. The economies of Hong Kong and other regions would also be hit seriously.

"We appreciate President Bush's decision to extend MFN treatment for China," the Chinese premier said. "We hope that both sides will continue their efforts to avoid anything unfavorable to all sides happening. We especially hope that the U.S. side will proceed from the point of view of overall Sino-U.S. relations and handle the issue fairly."

On the deficit in Sino-U.S. trade, Li said the Chinese and U.S. sides have different views on the issue and there is a difference in their statistical methods.

He said a considerable part of the commodities reaching the United States via Hong Kong are products processed with supplied materials, and of joint ventures, cooperative enterprises and completely foreign-funded enterprises. He said, therefore, that there should be concrete analyses of data.

He said the Chinese side is willing to study the issue of statistical methods together with the U.S. side so as to work out a solution acceptable to both.

On Hong Kong relations with the mainland, Li said the economies of Hong Kong and the mainland are closely linked. Stability and economic growth on the mainland are favorable to Hong Kong, while the mainland benefits from prosperity and stability in Hong Kong.

Members of the Hong Kong delegation include Zhang Jianquan, chairman of the Hong Kong Federation of Industries; Liang Qinrong, acting president of the Hong Kong Federation of Chinese Factory Businessmen; Su Zeguang, administrative director of the Hong Kong Trade Development Bureau; Warren Williams, president of the American Chamber of Commerce in Hong Kong; and Hiroshi Zaizen, president of the Japanese Chamber of Commerce in Hong Kong.

The Hong Kong mission came to Beijing at the invitation of the China Council for the Promotion of International Trade.

### UK's Hurd Arrives, Calls PRC Talks 'Serious'

OW0804163691 Beijing XINHUA in English 1536 GMT 8 Apr 91

[Text] Hong Kong, April 8 (XINHUA)—British Foreign Secretary Douglas Hurd arrived here from Guangzhou tonight following his official visit to China.

He told reporters at the Kai Tak Airport that his talks with the Chinese side was "serious."

The talks covered the work of the Sino-British Joint Liaison Group, the planned airport project in Hong Kong and financial reserves, he said, adding that the contacts of the two sides "are continuing."

Hurd was met at the airport by Hong Kong Governor Sir David Wilson and Deputy Director of the XINHUA NEWS AGENCY Hong Kong branch Wang Pinqing.

### Denies Airport Project 'Sellout'

HK0904022391 Hong Kong SOUTH CHINA MORNING POST in English 9 Apr 91 pp 1, 2

[By Chris Yeung, John Kohut, and Daniel Kwan]

[Text] The British Foreign Secretary Mr. Douglas Hurd yesterday rejected claims that Britain's negotiations with China over Hong Kong's new airport plan amounted to a "sellout" of the territory.

Mr. Hurd returned to Hong Kong last night after a six-day visit to China, leaving behind his team of aides in Beijing for more talks.

After talking a break at dawn yesterday, the meeting resumed in the afternoon and broke up again late last night for both sides to report to their superiors.

The British team have tickets to leave Beijing today but a British diplomat said the situation would be reviewed this morning, suggesting that they hoped for some form of accord overnight.

Winding up his trip in Guangzhou yesterday, Mr. Hurd indicated that the two sides had at that stage not reached an agreement over how much in financial reserves should be left behind for the post-1997 Hong Kong government.

In response to negative British press comments, Mr. Hurd said: "The idea that cooperation with China between now and 1997 is some sort of sellout is absurd.

"If you follow that logic, you will be saying that no one should talk to China, no one should consult China, no one should have a discussion with China about Hong Kong until the last minute."

He was accused of bowing to pressure from China by having accepted Beijing's demand that a sizeable reserve be set aside for post-1997 Hong Kong.

Mr. Hurd said he was hopeful that the meetings in Beijing could result in an agreement.

"The negotiation is still going on. I keep touch both with our team in Beijing and the Governor of Hong Kong. I spoke to him (the Governor) this morning. Our contacts are continuing," he said.

Asked whether the talks were in a stalemate, Mr. Hurd said: "No, there is work going on. There is a team in Beijing which has been working hard. I have kept in close touch with them and the governor."

But he remained tight-lipped about the question of the amount of cash reserves that China was said to have demanded.

"I am not going into figures or exact details of the discussions. They are continuing," he said.

"Certainly the governor and I hope that this may turn out to be successful. But we cannot be sure about that yet. It is going on."

Mr. Hurd arrived in Guangzhou yesterday after a sight-seeing tour in Taishan of Shandong province over the weekend. He had to cut short the Guangzhou leg of his trip, partly because of a flight delay.

He paid a nine-minute visit to a Hong Kong-funded textile mill and stayed for about 30 minutes at a museum built 600 years ago during the Ming dynasty.

Mr. Kuang Ji, Guangdong's vice-governor in charge of foreign affairs, said his government was unlikely to take an active role in Hong Kong's airport investments.

"This will be up to the enterprises themselves to make the decision... for projects like these, our companies in Hong Kong have the authority to make their decisions. The government would not interfere," he said.

Speaking on his arrival at Kai Tak last night, Mr. Hurd declined to say when he expected China to come to an agreement with Britain on the project.

"I expect an agreement to be reached when an agreement is reached. I am not making any prophecy," he said.

"The atmosphere for the talks is serious, very serious, and complicated works are being done. It is better that people should talk than the talks should break down."

He will brief the Executive Council this morning on the progress of the discussions.

Meanwhile, the Chinese Foreign Minister, Mr. Qian Qichen, said he was optimistic that a Sino-British agreement on the airport plan could be reached "within a short period of time".

"Progress had been made in the discussions. But more talks are necessary. I am always optimistic, I think we should be able to solve the problem within a short period of time," he said in Beijing.

Commenting on the topic for the first time after his session with Mr. Hurd last week, Mr. Qian yesterday afternoon said both sides had reached identical views on several issues and increased mutual understanding during the discussion.

"Of course, the visit is fruitful... although the (airport) problem still needed to be negotiated, progress had been made and differences have been narrowed," he said.

Mr. Qian stressed that the Chinese Government had always publicly declared its support for building a new airport in Hong Kong, but declined to specify when it would lend its backing to the details of the scheme, such as its financial arrangements.

He also declined to comment on whether both sides had reached a stalemate over the amount of reserves that should be handed over to the post-1997 Special Administrative Region.

Earlier yesterday, Mr. Chen Ziyang, the deputy director of the State Council's Hong Kong and Macao Affairs office, said it was hoping for an agreement in principle by both sides on the airport issue.

"The figure (on the reserves) has shown one problem. As a matter of fact, it is not a matter of money. (It is one of how to) maintain the long-term prosperity and stability in the territory. We do not want to take a penny from Hong Kong," he said.

#### Holds News Conference

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[News conference by British Foreign Minister Douglas Hurd with foreign and domestic correspondents in Beaconsfield House, Hong Kong—live]

[Text] [Hurd] It might be helpful if I make a fairly short statement, mainly on the central issue of the moment. But of course, I will be glad to answer questions on any other issues, on the boat people, and on the other things I have been doing or talking about.

I have now had thorough discussions with the governor and with Exco [Executive Council] this morning about my talks in Beijing and those of my officials about Hong Kong. Of course, when I was in China, I had discussions—which were in the main very productive—on many international and a good many bilateral matters. But the main subject was certainly Hong Kong.

During these discussions on Hong Kong, the Chinese made a number of statements to me which were clearly positive: That they stand by the Joint Declaration; that they intend to strengthen the work of the joint liaison group; that they think it necessary to build a new airport in Hong Kong; and that China's objective is to maintain the stability and the prosperity of Hong Kong. The foreign secretary, the prime minister and the General Secretary of the Communist Party, Jiang Zemin, listened carefully to what I said, and said plainly, about human rights. And these included the reference to four people who normally live in Hong Kong but are now detained in China. And also to the situation in Tibet.

On the future of Hong Kong, we agreed to accelerate the practical work of the joint liaison group and I hope this will now work out in practice.

On the airport project and on Chinese worries about the finances of Hong Kong in 1997, I think the best way of describing it is that the discussions ebbed and flowed. It has not yet been possible to reach a satisfactory conclusion.

We discussed all these matters against the backdrop of the Joint Declaration.

If I could just say a word about my own approach to this. It seems to me clear that the Joint Declaration is based on two principles, neither of which can be neglected. The first is cooperation between Britain, China and the Hong Kong Government. There do still seem to be some, especially in London, who think any consultations, almost any contacts between authorities in Hong Kong and Beijing, is some form of surrender by Hong Kong. They seem to assume that Hong Kong should keep itself as remote as possible from China until the hour when it returns to China in mid-1997. That, ladies and gentlemen, seems to me light-headed nonsense.

The aim, on the contrary, should be to prevent a rough jolt in 1997, to make transition as smooth as possible. That is why, quite apart from government, people in Hong Kong, in many professions, in many walks of life, are themselves making, multiplying their own contacts in China. And what is good for private people, what is good for private business people, can be good for government as well.

But the second principle is effective government by the Hong Kong Government between now and 1997. Now, that principle is clearly compatible with seeking the views of China on important matters which straddle 1997. It is compatible with paying close attention to those views, when expressed, but the task of taking decisions during this period rests with the Hong Kong Government. Those are the principles. The arrangement on practical matters with China needs to respect these two principles which underline the Joint Declaration.

And the new airport is probably the most important such matter at the moment. It is at the center of Chinese concerns because it is a major project and, therefore, an expensive project. And this leads straight to their worries about the financial health of Hong Kong when it becomes a SAR [Special Administrative Region].

Hong Kong needs a new airport. Kai Tak is becoming saturated. And the Hong Kong Government has been into this project in great detail. It is certainly expensive but they are satisfied that it is expense which Hong Kong can bear without undermining its financial health. And should bear. And because of its importance to Hong Kong's future competitiveness in a region which is developing so rapidly the project would be a tremendous boost to Hong Kong's economy and an important investment in its future.

But in discussing these matters with the Chinese, it cannot be a matter, cannot be a question, of the airport at any price, in terms either of finances or of Chinese involvement.

Now, these are the questions which have ebbed and flowed, as I have said, in the talks in Beijing. Obviously, I had hoped to make more progress than I can report to you this afternoon. But as you know, my expectations were tempered from the outset. I remember asking you, when I arrived at the airport a week ago, I warned you against expecting a breakthrough.

Throughout the talks, it has been entirely clear to me and to the governor that on constructing the airport—indeed with other major infrastructure projects—it is very important that the Hong Kong Government retain the authority and the capability to take decisions. Because only in that way can projects like the airport be carried out effectively, efficiently, economically, and there is no question of departing from these crucial points.

So, at the moment, we face obstacles. But the team, the team of officials, will remain for a few days in Beijing and we shall continue, we are continuing, to press for movement.

So we have chosen the road, in accordance with the Joint Declaration, of welcoming cooperation and consultation with China, while maintaining the effective authority of the Hong Kong Government between now and 1997. In practice, this will from time to time prove a stony and an uphill road. But in fact, it is the only road which can lead Hong Kong to the destination of two systems in one country.



I note the resilience which, despite many prophesies to the contrary, Hong Kong has shown in recovering from the shock of 1989. And you will know how Britain contributed to that recovery. I am optimistic in my own mind that over time, we shall together find the right path through present or indeed through any future obstacles.

That is all that I wanted to say by way of introduction. And now I will try to answer your questions.

[Mark] Mr Hurd, Mark of ITN [Independent Television News, UK]. How disappointed are you in not reaching an agreement yet over the airport project?

[Hurd] Well, I have set my expectations of a breakthrough pretty low and told you that my expectations were fairly low, and therefore, my disappointment is tempered. Obviously, I would have liked to move faster, farther during the time when I was here. But the work will continue.

[Sally Bright] Mr Hurd, Sally Bright from RTHK [Radio Television Hong Kong]. How long will these talks in Beijing continue? What is the mood of the talks? Premier Li Peng has just said a short while ago that the mood was good. Would you agree with that? And thirdly, are the talks continuing because you are optimistic that there will be a breakthrough?

[Hurd] They are continuing. They will continue so long as we think it is likely to be useful to continue the talks. And I hope that they will continue to a good result. I just had a brief outline of what Premier Li Peng said a few minutes ago in Beijing. And you won't expect me to comment on it in detail but I note the positive term which he used.

[Barron] I'm Barron, BBC Television. Mr Hurd, a Labor Party spokesman in London has just described your visit as ill-timed and premature. And he has also severely criticized the governor. What is your response to that?

[Hurd] Well, that is what oppositions are paid to do. And if you are talking about George Foulkes, it is something he specializes in. I don't think the spraying of adjectives about like that really adds very much. I have answered the question about the governor when I first arrived. Sir David Wilson has the full confidence of the British Government as governor of Hong Kong.

[Barron] Can I have one follow up on that?

[Hurd] Yes, of course.

[Barron] Would it have been wiser to have initiated consultations with China about the airport at an earlier stage?

[Hurd] They were, of course, initiated a long time ago. And China has had a steadily increasing flow of information about the airport project. There was no complaint to me during this visit to Beijing that they have been starved of information.

[Fong] Harvey Fong of WEN WEI PO. Mr Douglas Hurd, I should like you to confirm that during your talks with the leaders of China, concessions were made on both sides and did you give them a deadline after which there will be no more new airport project?

[Hurd] I am not going to give details of the discussions because they are still going on and, obviously, it would not be sensible to do so. I think one can only talk of concessions when there actually has been some sort of agreement and we have not yet reached an agreement.

No, I have never set a deadline or issued an ultimatum. I simply stated a fact that for the airport project to proceed according to the timetable which the Hong Kong Government has planned, there will need to be a measure of support from China. That is not a political statement. That is not a threat or an ultimatum. It is a statement of economic fact. And I have not met anyone in Hong Kong, either yesterday or today, or when I was here last week, who questioned that fact. That is a statement of fact. It is part of the background.

[Jordis] Jordis, FINANCIAL TIMES. Could you say a bit more about the problems that have been faced in the talks with Beijing? Is the basic problem to do with the airport as a total plan, the amount of money to be spent, or is it to do with China's continuing control and influence on that project in the coming years?

[Hurd] The differences have not been entirely about sums of money. There have been a number of differences and when I said they ebbed and flowed, what I meant by that was that in some discussions, it looked as if the differences were becoming resolved. And in others, it did not. That is what I meant by the ebb and flow of discussions. And the discussions covered certain financial matters and certain other matters. We were guided, and will continue to be guided, by the two principles which I have just set out, which seem to me crucial.

[Jordis] Can I have a follow up? Does that indicate then that the basic problem is that China wants a continuing say in the finances and the running of the economy of Hong Kong which you are not prepared to face? And how do you see that in terms of the price of political control, the phrase you used yourself last week?

[Hurd] I am not going to go into the specific suggestions made from the Chinese side or the specific suggestions made from our side. I think it could be fair to say that the Chinese are not seeking what you call a continuing control. We have not yet reached an agreement on points which I regard as essential under the two principles I have mentioned.

[Kan] I am Karen Kan, Commercial Radio [Hong Kong]. You have said that differences between the two sides have been narrowed. So what sort of differences have been narrowed? And also, would there be any chance that the airport project may be scrapped?

[Hurd] I am sorry I have to stonewall, and—but I am not in fact because the discussions are continuing. To give details of where the points of differences have been or where the points of differences remain. No, the airport project has of course not been scrapped. We hope that agreement can be reached. That is the purpose of continuing the discussions. If it is not reached, then it will not be possible for the project to proceed according to the timetable for which the Hong Kong Government planned.

[Hoxley] Humphrey Hoxley from the BBC. Mr Hurd, the thing is that as we approach 1997, there are going to be a number of other issues which are going to straddle the transition period: Education, building of hospitals, schools, appointment of civil servants, and that sort of thing. Will you be consulting China on all of those issues? And if so, how will you be able to retain control of the running of Hong Kong?

[Hurd] On important ones, the answer is yes. This is not the British Government, of course. It is the Hong Kong Government. On the important ones, on important matters which straddle 1997, the answer to your question is yes. But by consultation, it is very clearly defined. And did I define it in my opening statement? Consultation means, in all our lives, asking someone or welcoming the expression of someone's opinion and then, having received, listened to those opinions, making up one's own mind. This is what I have meant when I talked of the effective authority of the Hong Kong Government between now and the middle of 1997. So that is the nature of the consultation which we believe is not only justified, but is actually common sense, if the transition in 1997 is to be as smooth as we can make it and not a rough jolt.

[Hoxley] Do you suppose you can say which the important ones would be, for instance, a big hospital project, maybe a major road project, education facilities?

[Hurd] Well, that will be a matter for the government.

[Wong] Fanny Wong, SOUTH CHINA MORNING POST. Mr Hurd, following up the question just now, did you detect any differences in the interpretations of the term consultation during discussions with the Chinese leaders?

[Hurd] Yes, I think there is a continuing difficulty on this part, what consultation means in practice. And I think there is some merit in having brought this out into the open. One thing I was very anxious to do—I may have said it to you, I can't remember—is to avoid coming away and saying: Hurray, we have an agreement, when in fact we haven't, when some important point has been fudged. Now, this point about the actual nature of consultation—what happens—is a crucial one. And we have emphasized at every turn that our intention is to consult where major matters straddle 1997, but consultation means providing the Chinese with information, welcoming the expression of their views, and then proceeding to use the authority of the Hong Kong Government to take the decisions as provided for, as envisaged in the Joint Declaration.

[Fong] Can I just follow up? What is your impression? Does that mean that the Chinese have told you that or they have indicated in any way that by consultation, they mean that for every next step you are going to take on the airport project, you have to go back to the Chinese and ask them whether that is acceptable?

[Hurd] Well, I think you must ask them that. But I notice and recall—I can't immediately lay my hand on—the statements by the foreign minister, which were public statements, that—here we are. Just before I saw him in Beijing—this is his public statement. He told journalists that China had no intention of interfering in the day-to-day administration of Hong Kong and he then added three no's: No condominium, no control, no veto.

[Fong] Would they see that as a day-to-day matter in Hong Kong as the building of the airport, the proceeding of the construction of the airport project?

[Hurd] Well, I think you must ask them that. As I said, we have not reached full agreement. If we had reached full agreement, I might take it on myself to interpret their views. As we are still talking to them, and as your question bears on some of the points at issue, I think my best thing is to refer you back to what the foreign minister said. And the three nos which he stated: No condominium, no control, no veto.

[Dean] Daniela Dean from THE WASHINGTON POST. You say that Hong Kong has to retain the authority and the capability to make decisions. But doesn't this right now show that it no longer has the authority to make decisions because you cannot go ahead with this airport without China saying yes?

[Hurd] But as I have just said, this is not a political statement. It is not a policy statement of the British Government or the Hong Kong Government. It is a statement of economic fact, that if you have a major project which, on any figures, requires about one-quarter, about 25 percent private investment, and if you were an investor investing your own resources or those of THE WASHINGTON POST, you would want to find out a bit more what was going to happen after 1997. And you would want to find out the views of the sovereign power after that time. And so that is what I mean by statement of economic fact.

[Dean] One follow-up on that. They already know all the details of the spending and they still are not saying yes. So, nothing can happen until they say yes, so how can you say that the Hong Kong Government has retained the authority to make decisions.

[Hurd] They are not; you are mixing up, if I may say, two things. You are mixing up the political question which is the meaning of the Joint Declaration, the meaning of consultation with an economic fact. Economic fact tends to straddle dates set by politicians and that is so in this case. And I don't see any point in trying to punch the point. It is really much better that these matters are dealt with in terms of reality.

[Bowring] Philip Bowring of FAR EASTERN ECONOMIC REVIEW. You mentioned the question of economic fact. Is it not an economic fact that the Hong Kong Government and the British Government believe this airport is necessary for the continuing role of Hong Kong in this region? Two, that this airport project is commercially viable? And three, that there are something in the region of 75 billion Hong Kong dollars worth of reserves sitting in the exchange funds. And, that if the United Kingdom Government truly believes that the airport project is necessary and commercially viable, why does it not lend the money itself, guaranteed against these reserves freed from the exchange bonds?

[Hurd] Because it is not the policy of the British Government to lend money to finance Hong Kong. It has not been and will not be. This is one of the common points—you can put it this way—between Britain and China. We don't now support Hong Kong financially, and Beijing has no intention of supporting the SAR financially.

[Bowring] A loan to a government is somewhat different from a grant. I don't know if you are aware of that. If the ECGD [expansion unknown], for example, is in a position to guarantee certain loans for supporting any contributions that Britain might make to the airport project. Likewise, if I may refer you back to my questions relating to the reserves of the exchange funds, here are all these financial resources. Can they not be put to, seeing that what is supposed to be a commercially viable project which is necessary for Hong Kong which can be carried out by international contractors under normal rules of international contracting?

[Hurd] You are supposing some form of support from Britain, whether in the form of a soft loan or I don't know, British Government loans.

[Bowring] Loans....

[Hurd] I am very clear. I am trying to make sense of what you did say. You are saying you are not talking about a grant. And you presumably are talking about a loan which is guaranteed in some way. Of course, the ECGD cover. The ECGD cover, and it does cover in certain circumstances projects carried out by British firms.

But I repeat my main point on which your question hangs. That it has not been, it has not been policy of the British Government to give British financial support to this or to any Hong Kong project. It will be thought very odd if we did.

[Bowring] But there is the reserve question.

[Hurd] The use of which the Hong Kong Government makes of its reserves is a matter for the Hong Kong Government.

[Bowring] But the exchange funds are in fact entirely in your control.

[Hurd] The use in which the Hong Kong Government makes of its reserves is a matter for the Hong Kong

Government. All the figures which I have seen for possible variations of the airport project involve about 25 percent, about one-quarter of private investments. And that is why I focused on that point in my earlier reply.

[Bowring] Mr Hurd, have you made a promise that Hong Kong will put aside a sum of money in financial reserves to the SAR government? If you did, do you consider putting aside a certain amount of reserve as a kind of sacrifice of Hong Kong's financial autonomy?

[Hurd] I don't want to—as I have said—go into the details of the discussions. And therefore, I don't want to go into the question of what has been discussed about, about the concerns which the Chinese Government has about the financial stability of Hong Kong in 1997.

Can I just say this in answer to your question? The Joint Declaration does provide for discussions between Britain and China for the maintenance of the prosperity and stability of Hong Kong. Now, it is the responsibility of the Hong Kong Government to maintain the financial stability of Hong Kong up to mid-1997, just as it is the responsibility of the SAR to keep Hong Kong's finances healthy thereafter. The Chinese want to be sure that the SAR will be in a position to carry out this duty from its first day.

[Bowring] The interpretation of that quote, that it means to put aside a certain sum of money for the SAR government, is that your interpretation?

[Hurd] No, no. I have tried to deal with the principle which underlay your question, but I don't want to get into the details of the discussion which is still going on that as well as on other points.

[Bowring] One more. I have a special question. If we do put aside a certain sum of money, do you consider that as a sacrifice of the financial autonomy of Hong Kong?

[Hurd] I believe it will be responding to a concern which the Chinese have, which they believe is justified under the Joint Declaration. But as I say, we have not reached agreement on how, on if, on whether how that might be done. That is one of the outstanding points. Which is, I think, fairly generally known.

[Vines] Steve Vines from THE OBSERVER. Mr Hurd, you were talking earlier about Chinese acquiescence in the airport project. You have not mentioned that word today. Could you explain why the need for Chinese acquiescence in major projects in Hong Kong was not brought up in the Joint Declaration?

[Hurd] I think I have used the word today. And I said that this wasn't a political point. It is an economic point. Where you have a project which requires, despite the question here from the FAR EAST ECONOMIC REVIEW, which requires under any variation about 25 percent private investment, then in practice, that acquiescence is going to be necessary and I have not met



anybody here, although I have asked the question several times of a good many people, who questioned that as an economic fact.

[Vines] So can the project go ahead without Chinese acquiescence?

[Hurd] That will depend on the project. What we have said politically under the Joint Declaration is that we are willing to consult on major matters which straddle 1997 and I am glad that the questioning earlier brought out what the meaning of consult is. That does not impair the effective authority of the Hong Kong Government. Economic facts, as these discussions have illustrated, are a different matter. But they can't be, you know, they can't be ignored or fudged or regarded as a political decision. They are economic facts.

[Maize] Peter Maize, TVB News. The Chinese official this morning took the issue of interfering in internal affairs to a new level by saying that Hong Kong was interfering in the internal affairs of the SAR which does not exist yet because the British Government is withholding information, financial information, during discussions. This came from a deputy director of the Hong Kong and Macao Affairs office. Now is that true, that Britain has not, and Hong Kong negotiators have not, given the Chinese side all the financial information that they are asking for?

[Hurd] No such complaint was made to me in any of the meetings I had. It is a complaint which I think is quite familiar some time ago. But I certainly received no impression in Beijing that the Chinese were complaining of lack of information about the airport project.

[Wong] Polly Wong from AGENCE FRANCE PRESSE. And so your Chinese counterpart Qian Qichen said in Beijing yesterday that in his view, this airport business should be settled in the near future. Do you share this optimism?

[Hurd] Well, he said he hoped it would be and I hope it would be. I am not in the business of making prophecies.

[Wong] Do you have to scale down the project in any way to please the Chinese?

[Hurd] The Chinese have not, did not press me to scale down the project. They said the size of the project was the responsibility of the Hong Kong Government. Their concern is whether that would leave the financial stability of Hong Kong at the moment when sovereignty passes to China and responsibility for finances passes to the SAR which is not yet in existence. This is the point that they continuously return to and which I think Premier Li Peng returned to a short time ago in his press conference.

[Wong] Mr. Hurd, I would like to know how long this stalemate can continue before it begins to have an effect on the confidence in the future of Hong Kong. I would also like to know if Britain can bring any sanctions on China to try to encourage agreement.

[Hurd] We will continue this immediate round of discussions, as long as we think it is useful and the same is true, no doubt, on the Chinese side. I used the word ebb and flow and I tried to describe why I used it. Because it has from time to time in these last few days, been our impression that the differences are narrowing quite substantially and quickly. At other times we had other impressions, that is why I have authorized the officials to stay in Beijing for a few days, in order to try to establish whether there is room for a quick agreement. I hope that there is, and we will use it—it's not a question of sanctions on either side—it's a question of clearly perceived interests, and we will continue to press. This is our say, between now and 1997 and not just on the airport, maybe on other things. It is going to be an arduous business, because what we are trying to do is make a difficult concept in the Joint Declaration work. I have not heard anybody produce a different concept. I have not heard anyone produce a different answer to the future of Hong Kong. Should people produce a different answer, then we would have to say we are committed to the Joint Declaration, but I'm strengthened in supporting the Joint Declaration by the fact that in 15 months or whatever, I have really not heard anyone, however fierce their criticism, suggest a different road for Hong Kong. So long as that is so, we have to travel this road, pick our way through the obstacles, and sometimes this may take some time. I think that is a familiar thought to many businessmen in Hong Kong. It may take some time and the thing is to persevere and that is what we intend to do. Basing ourselves on the two principles which I defined at the beginning, both of which seem to be crucial, which do not contradict each other, and it is in the reconciling of those two principles, cooperation and consultation with China and the effective authority of the Hong Kong Government, that the way forward lies.

[Reporter] [name indistinct] from Singapore. Mr. Hurd, if the Chinese Government must be consulted for important matters in the future, and there would be many occasions in future on which the Hong Kong Government feels it does not have to consult China and China feels it must be consulted, so is there a final arbiter or a guiding principle to prevent future confrontation?

[Hurd] No, but there is machinery of course. I mean, one of my concerns has been to reactivate the joint liaison group. There is the machinery set in the Joint Declaration precisely to deal with these sort of matters. And it has got a pile of problems waiting to be solved, and I hope it may now make better speed.

[Elliott] John Elliott. Could I first make the point that very few of us if anybody has heard of the 25 percent private sector before you began to produce it after your meeting with the governor. I have never heard it and I have found it very difficult in phone calls in the last couple of days to find any official who can explain to me. Having said that, can I ask the question: Given the fact that there are HK\$73 billion in the fiscal reserves, and about the same amount again in the Exchange Fund, just

the land funds being built up, and given the fact the government has control over part of the Exchange Fund and what happens to it: Why don't you clear up this diplomatic hassle by giving the authority jointly to the governor for the funds to be used and for the airport to be built?

[Hurd] Well, I simply repeat my answer: I have seen various figures and I have had various presentations and they have all included about a quarter private sector investment. I have checked the point with the relevant offices of the Hong Kong Government and they have repeated that point. It is the basis on which the project has been, is being, prepared. Obviously it is not in final form and there are various options for it. But there is one common factor in those options, and in the preparations which the Hong Kong Government has made, in that sizable, about a quarter, private sector investment.

[Elliott] What about the use of the Exchange Fund? If now you can produce HK\$75 billion from the Exchange Fund, then you have got more than enough money. Then the private sector involvement is not needed at all. Why don't you as the foreign secretary clear the problem by saying the UK will authorize the use of part of the Exchange Fund?

[Hurd] But that is not the purpose of the Exchange Fund. And I think it will be very strange and wrong to attempt to use it in that way. As far as I know, yours is the first suggestion I have heard of this. I repeat what I have been told about the project, which is not a British Government project but a Hong Kong Government project. I repeat what I have been told about its nature and about the circumstances in which it can proceed.

[Yip] Francis Yip from RTHK. What will be the effect of, to Hong Kong society and to Sino-British relationship, if the talks on airport breaks down?

[Hurd] If the present effort to reach agreement is not completed, then, obviously there will be a good deal of disappointment, here, and indeed, at home. It will then be a question of timing, judgment, as to when the attempt can be renewed. But the whole emphasis I want to give today is on persevering in attempts so that in the immediate case Hong Kong will get a new airport. But there will be other cases where the same principle will have to be applied.

[Gates] Mr. Hurd, Christina Gates of the HONGKONG STANDARD. Could you please tell us what role the Chinese are seeking on the airport authority, and number two, if its true, according to reports that they are asking for right of veto on certain aspects of the project?

[Hurd] Well, I am not going to, because I am stone-walling again, I am not going to give you the details of what has been discussed, but I refer you back to what the foreign minister said about no veto.

[Yuan] Yuan from the WEN WEI PO. Just now you said that differences in the talks are narrowing substantially,

but again in Beijing, Chinese officials are saying that they are giving in too much, too many concessions, and there will be no unlimited concessions, and then you said you hoped for quick agreement. Would you go on pressing for more concessions from China or would you settle for an agreement without pressing any more concessions from China?

[Hurd] I said I would like to see an agreement, and I deliberately said I wasn't going to publicize the outcome. I also said that on some occasions it looks as if the differences were narrowing, on other occasions it did not, so that's why I used the phrase, ebb and flow of discussion. The discussion has taken a form, which seems to me to justify continuing the effort. Obviously, I hope the effort will succeed; I cannot be sure of that. And in any such effort, of course, there is discussion and counterdiscussion, and suggestion and countersuggestion. And no one is expecting anybody to make unlimited concessions; that is not the way the discussions work.

[Radio Netherlands] [words indistinct] from Radio Netherlands. Mr. Hurd, could you say on how many points you still have to reach agreement with the Chinese?

[Hurd] No, I can't say that, but it is more than one, it is more than just the figures and the questions of financial stability; there are other points.

[Wong] Mr. Hurd, SOUTH CHINA MORNING POST, Jenny Wong. Can you give an undertaking that in the end you did reach a deal with the Chinese, the full details will be revealed to Hong Kong, and also, judging from what you said just now, is it true that the airport project is definitely going to go ahead, it is only a matter of timing that we may need to delay it if the negotiation with the Chinese is not that successful in the near future.

[Hurd] I know the governor is very anxious in all these matters, too. Deal openly with those who advise him and those who are responsible in Hong Kong. On the second point, I repeat what I said, we hope an agreement can be reached. If it isn't, then this is a matter for the judgment of the Hong Kong Government. It will not be possible for the airport to proceed according to timetable which the Hong Kong Government planned. That does not remove the need for a new airport on which all sides are agreed. I think that is all one can reasonably say by way of prediction of the present time.

[Wong] Is it definitely going to go ahead at Chek Lap Kok?

[Hurd] It does not seem to be a major problem, a real problem about the site. No one suggested to me in Beijing that the site should be changed.

[Gibb] Robuina Gibb from NEWSWEEK. You talked about how crucial it is to get an agreement for the process of consultation to happen. Yet this project has been on the books for many, many years. Can you say then why, in retrospect, the British Government didn't get started sooner with the process of consultation. We are very late in the day now.

[Hurd] The Hong Kong Government. That is really a matter for them. They have increasingly in the last, in recent times, provided the Chinese Government with the information which they wanted and gone into very detailed discussions with them, which my team officials and I have carried forward. And I repeat one can hark back in the way that you have. But it wasn't the point pressed on me in Beijing. There was a lot of discussions on other matters. But there wasn't criticism of lack of information. There was that criticism earlier but I believe it has been met. I think if it hadn't been met, I would have heard about it.

[Gibb] Mr. Hurd, it's barely two years since the suppression of students' prodemocracy movement in Beijing. Could you perhaps look back at your dealing with the same government now and tell us how do you describe the nature of the Chinese Government and people you negotiated with.

[Hurd] The Chinese Government run a system of government which produced in 1989 a tragedy about which everybody, and certainly the British Government and many many people here, expressed very strong views. They run a system of government which produces a continuing anxiety about human rights. And I made the point in Beijing twice to leaders that it was a mistake to suppose the people who expressed these anxieties were in some way enemies of China. That it was perfectly possible to be friendly to China and to express these anxieties. And the foreign minister of a democratic country was not doing his job if he didn't express those anxieties in Beijing. And I did it in general terms and with relation as I have said, to Tibet and to specific people living in Hong Kong. So, there is a continuing problem which was not started in 4 June 1989 and hasn't finished since then. It is a continuing problem. It is a problem of anxiety which can be, and in my view should be, stated to Chinese leaders, making clear that this isn't an attack upon China. It isn't done by people who wish China ill but the contrary. That I think can be achieved.

[Gibb] Aren't you interfering in China's internal affairs?

[Hurd] Well, no. I expected to be told that and wasn't.

[Cheung] C.K. Cheung, sorry, Mr. Hurd, C.K. Cheung, TVB [Television Broadcasts Limited, Hong Kong] News. You did explain to us very clearly about how to cooperate with China, your position, your principle to consult and to cooperate. Can you give us the same guideline about how will you accept the theory like that we accept in principle to put aside a lump sum now or you promise us an amount in 1997?

[Hurd] That comes clearly under the heading of one of the points that is being discussed and has not been agreed and on which therefore I wouldn't prefer to comment further than I have. But I have dealt in answer to question of one of your colleagues with the principle which I think is involved here.

[Cheung] Mr. Hurd, the Dalai Lama, the spiritual leader of Tibet, visited London. But both you and the prime minister refused to meet him. By doing so, do you mean to send a strong signal to Beijing that UK has no intention to interfere in the internal affairs of China.

[Hurd] The dalai lama on his very recent visit to Britain was received in a rather different way than on his previous visits. He was received by rather more people, including by the lord chancellor, who is a member of the government, as well as the presiding officer for one of houses of Parliament. So there was a change. And it was a change against which the Chinese protested before I went to Beijing. They believe this change in the way of the dalai lama being received was open to criticism. This particular point was not raised in Beijing. The question of the dalai lama, it was raised, I beg your pardon, was raised by the Chinese side, but the question of Tibet was raised by me both with the foreign minister and with Jiang Zemin who talked to me about the visit which he made to Tibet not very long ago. And again I expressed the fact that there was strong anxiety and emotions in Britain and that this has been increased, focused by the recent visit of the dalai lama.

[Ping Sheung] Ping Sheung, HONG KONG ECONOMIC TIMES. What are the roles of the Executive Council and Legislative Council over the Sino-British talks on the airport project, and how can you assure that Hong Kong interests will be protected?

[Hurd] I missed the first part of your question.

[Ping] What are the roles of the Executive Council and Legislative Council over the Sino-British talks on the airport project?

[Hurd] Well! I understand it but I am not expert on this, there is legislation either through or going through, I think, through the Legco [Legislative Council] about the role and power of the airport authority. But that is a point that you must press with the Hong Kong Government. But I believe that is right.

[Ping] Considering that the airport issue has gone through such a high level, the fact indicates that in future consultation, there is no room for the Hong Kong Government. But in fact, the Chinese will prefer to deal directly with London?

[Hurd] No, indeed not. I—to coin a phrase—I'm very glad you asked that question. Its a very important one. I had to take pains over and over again to make it clear in Beijing, that on a good many of these points, the decisions and the responsibilities lay not in London but here in Hong Kong. I had a representative of the governor with me and he is still there in the team, as you probably know. So, it is a very important point. I had, on several occasions, to make sure the words I used emphasized the responsibility of the Government of Hong Kong rather than HMG [Her Majesty's Government] in London.



[Lockwood] Christopher Lockwood, DAILY TELEGRAPH. You have told us that you raised the questions of Tibet and that of four people from Hong Kong who are now serving long jail, or three of them are serving long jail sentences in China. But you haven't told us what the Chinese said in reply to that concern.

[Hurd] They—as regard to the four, there are four actually, now in prison in China from Hong Kong, they simply asked us in details of the names and cases which we have supplied. As regard to Tibet, they produced the explanation, which I think you would probably expect, about the changes for the better which they said had occurred in Tibet, and the belief that these arguments and criticisms about Tibet were produced by people who are hostile to China, and that gave me the opportunity to make the point which I've just made and won't repeat to you—that this is emphatically not so.

[Lockwood] ...the people from Hong Kong. You gave them the names. Are you confident that they are going to do something about these extremely heavy sentences that have been handed down to people who are under the protection of Crown?

[Hurd] Well, I don't want to go into the legal argument because this is one certainly which the Chinese would strongly dispute. We will see, we will see what alleviation there may be. They didn't certainly undertake to do anything else than look at the cases when I provided the details.

[Lockwood] Mr Hurd, minutes ago you were talking about how Tiananmen Square and other human rights issue. To what extent you feel that the sort of post-June 4th sentiment is still hanging around in China when it comes to affairs, when it comes to negotiations, or whatever affairs that link to Hong Kong? To what extent do you think the post-Tiananmen Square sentiment is still hanging around within the Chinese Government? Chinese officials when it comes to affairs in Hong Kong?

[Hurd] I think I grasp your answer. I think that what happened in Tiananmen Square had had a powerful effect on the working out of the joint declaration, both ways. It substantially increased anxiety here in Hong Kong, though there has been, as I said, resilience since then. I think also the Western reaction to what happened in Tiananmen Square increased the suspicion of Hong Kong in people's mind, some people's minds in Beijing. So I don't doubt that that disaster, that tragedy, has had an effect both ways on the question which we've spent most of the last hour or so discussing.

[Lockwood] Anyway, how to clear that sort of suspicion toward Hong Kong and Britain?

[Hurd] Time will show. Time will show. If, obviously, if I'd come back, if there had been an immediate agreement I could have answered that question, yes. As it is, I can only say, time will show.

[Lockwood] So, Mr Hurd, does that mean no?

[Hurd] No, it doesn't.

[Lockwood] Mr Hurd, just a point. Just a point of clarification. Are you saying that when an agreement is finally reached on the airport, that the Hong Kong people will be told how much money is going to be set aside for the future SAR Government, the mechanism for which that money will be set aside, and other concessions and agreements that were made?

[Hurd] Well, I think that is a matter for the Governor. I, therefore, I chose my words rather generally in answering an earlier question. As I know from what he said to me, the Governor is very anxious to deal openly on these matters.

[Lockwood] Don't you think, from your point of view, that the Hong Kong people have a right to know because they will be, certainly, the members of the populace of the SAR Government. Isn't it their right to know what deals are being made at a higher level that will affect them?

[Hurd] There will be from September an elected, directly elected element in Legco, and we hope that will run through, right through '95 or '97. And there will be, therefore, a directly elected element to inquire and looking into precisely these things. And, I think that I will rest on what I have said, that the governor, Sir David Wilson, is very clear about the importance of your question, and the importance of dealing in the way I have described. I don't think I had better go beyond that.

[Lockwood] Mr Hurd, can you assure the people of Hong Kong that any decision or agreement which you reach with Beijing would not be at the expense of the interest of Hong Kong?

[Hurd] We, the British Government, have no interests in our dealing with China which in any way match in importance the interests of protecting Hong Kong. There is no—all the other things I discussed with the Beijing leaders, there were quite a few as I've told you, international matters, the Middle East, bilateral matters, but they were none of them of anything like the same significance as the future of Hong Kong, and the matters we discussed about that. So the idea, which I have come across here before, that there are some subtle but substantial purely British interests, to which Hong Kong is sacrificed is a nonsense. No one can identify such interests because they don't exist. Obviously we'd like to have a friendly and reasonable relationship with China as we would with any country. But the issue which is of supreme importance in dealings between the British Government and China is the future of Hong Kong. I hope that there is no doubt about that.

[Lockwood] If it proves impossible to get an agreement with China on the airport, would you then consider, or be prepared to encourage the Hong Kong Government to consider, building the airport using other finances without using the private sector and therefore without needing Chinese approval?

[Hurd] Well, no such project has been prepared. I don't want to say never to anything but all I can tell you for the time is that the project which has been prepared in

substantial details, information has been passed to the Chinese in various forms, project which has been presented to me now and two visits in 1990, and again this year, the project which we are talking about is a project which has this very substantial private sector input. I don't think we are talking about the Hong Kong government's project. I don't think you can expect me to go beyond that.

[Lockwood] Mr. Hurd, does work now stop on the airport until we wait for the Chinese blessing?

[Hurd] No, I don't think there has been any change in what is going on at the moment. That is emphatically a matter for the Hong Kong Government. I won't read it out again but I used a form of words obviously which came from the Hong Kong Government in answering this point.

[Unidentified moderator] The work does stop on this press conference, thank you!

[Hurd] Thank you very much indeed!

#### XINHUA Report

OW0904174391 Beijing XINHUA in English  
1617 GMT 9 Apr 91

[Text] Hong Kong, April 9 (XINHUA)—British Foreign Secretary Douglas Hurd said here today, "we have chosen the road, in accordance with the Joint Declaration, of welcoming cooperation and consultation with China while maintaining the effective authority of the Hong Kong government between now and 1997." Speaking at a press conference this afternoon, Hurd said that the British officials are "continuing to press for movement" on the planned new airport project in Hong Kong now under discussion with the Chinese side. Hurd said that the two sides discussed the matter "against the backdrop of the Sino-British Joint Declaration," which is based on two principles neither of which can be neglected.

He said that the first is "cooperation between Britain, China and the Hong Kong government."

He refuted assumptions by some, especially in London, who think that any consultation between authorities in Hong Kong and Beijing is some form of surrender by Hong Kong.

"They seem to assume that Hong Kong should keep itself as remote as possible from China until the hour when it returns to China in mid-1997," he said.

That "seems to me lightheaded nonsense," he added.

He explained that "the aim of the contrary should be to prevent a rough jolt in 1997, to make transition as smooth as possible." [sentence as received]

"That is why, quite apart from government, people in Hong Kong in many professions, many walks of life are themselves making multiplying their own contacts in China," he said. [sentence as received]

He continued that "the second principle is effective government by the Hong Kong government between now and 1997."

He told reporters that his discussions with the Chinese side in Beijing on many international and bilateral issues were "very productive."

On the question of Hong Kong, Hurd said, the two sides agreed to accelerate the practical work of the Joint Liaison Group, adding that "I hope this will now work out in practice."

On the new airport project, he said that "it's not yet been possible to reach a satisfactory conclusion."

"At the moment we face obstacles, but the team of officials will remain for a few days in Beijing and we shall continue, we are continuing, to press for movement."

Hurd and his party arrived here from Guangzhou yesterday and are due to leave for home tonight.

#### Editorial Views Visit

HK1004071291 Hong Kong SOUTH CHINA  
MORNING POST in English 10 Apr 91 p 22

[Editorial: "Hurd Leaves Behind a Stronger Resolve"]

[Text] The failure of Britain and China to reach an agreement on Hong Kong's airport scheme is symptomatic of Beijing's distrust of the territory that persists despite all recent public exhibitions of goodwill. The British Foreign Secretary Mr Douglas Hurd has returned to London reporting only that "more than one" point about the giant infrastructure project remains unresolved. The crux of the problem is the Chinese intransigence as reflected in their demand for a say in the programmes and the financial aspects about them, primarily the long-term drain on money that might otherwise be left in the kitty for the future Special Administrative Region. Had Britain conceded this demand, it would have compromised the effective authority of the Hong Kong Government which could not have a new airport "at any price". Mr Hurd emphasised that Britain would strive to improve its relations with China at every turn, but within reason. He also took pains to define co-operation with China to mean consultation, not the surrender of control or acquiescence to interference.

As disappointed as Hong Kong is about the lack of progress in the negotiations, which are continuing despite the departure of Mr Hurd for home, it should be pleased that Britain has chosen to interpret the Joint Declaration clause on co-operation as strictly as it has. The expedient course would be for London to accede to a larger role for Beijing in the airport projects than is warranted or to fudge this point and accept at face value the mainland's vow not to seek a veto over the scheme. How patient both sides are was demonstrated at the press conferences of Chinese Prime Minister Mr Li Peng in Beijing and Mr Hurd in Hong Kong, which coincided both in their timing and tenor.

Mr Hurd was evidently sensitive to any insinuation that Britain was prepared to make concessions on matters of principle to secure an agreement with China. Besides differing from the Chinese on their interpretation of what consultation implied, he also expressed concern about human rights and the situation in Tibet, knowing well that the Beijing government would regard Beijing government would regard these utterances however friendly and unobtrusive, as a grievous intrusion in their domestic domain.

As eager as Mr Hurd was to deliver tangible success on the airport and crown his visit with a diplomatic triumph, he also has his gaze firmly fixed on history. Posterity will castigate Britain if it succumbed to Chinese pressure to cut a deal that might have dangerous repercussions for the future. He rightly abided by the dictum that no agreement was better than a bad one and in so doing quashed the suspicion that Britain may regard Hong Kong as expendable. Mr Hurd proved over the past week that Britain has no special interest in its relations with China, except that of Hong Kong whose concerns have to be paramount for both countries long after 1997.

Mr Hurd maintained that the Hong Kong Government has to retain the powers it has always had if it is to be an effective and credible administration over the next six crucial years. This autonomy helped by a benign British indifference to its overseas possessions—except when these get into deep trouble—has yielded Hong Kong a public housing programme that caters for nearly half of its residents, a transport network that moves people through densely populated zones with great efficiency, a bountiful reserve and an economy that ranks 11th in the world for exports. These Hong Kong achievements obviously weighed on Mr Hurd's mind as he visited China.

Mr Hurd may have disheartened some when he predicted difficult times ahead for Hong Kong even as he praised the resilience of local people. The reality he portrayed is sobering to behold but is one that Hong Kong has always been, is and will be, ready to face. The airport scheme might or might not be a boon to Hong

Kong that the planners have promised, but it is already a major test of Government priorities and will. An accord that invites more Chinese interference would not only complicate the presence but depreciate the value of the Joint Declaration.

As Mr Hurd averred, Hong Kong has to press on with reaching a fair understanding (rather than just an agreement) with China. How Hong Kong handles the airport issue is an indication of how it hopes to govern itself as the Special Administrative Region. The protracted discussions on niggling details of the complex infrastructure projects, the management of the financial reserves and the powers of the airport authority may delay these prized programmes but they will have the salutary effect of enabling Hong Kong to come to grips with its own future and its ties to the next sovereign. Mr Hurd has returned to London without laurels for himself but he has strengthened Hong Kong's conviction and that ultimately could be more important.

### Macao

#### Sino-Portuguese Joint Liaison Group Meets

OW0904191391 Beijing XINHUA in English  
1533 GMT 9 Apr 91

[Text] Macao, April 9 (XINHUA)—The tenth meeting of the Sino-Portuguese Joint Liaison Group opened here today.

It is learned that the two sides will continue to exchange views on the exchange of identity cards for the Macao residents, the official status of the Chinese language and other issues.

Concerning the exchange of identity cards, sources said, the two sides have held consultations on several occasions and they are expected to reach agreement on the issues at the four-day meeting.

Present at the meeting were Ambassador Kang Jimin, head of the Chinese delegation, and Ambassador Pedro Catarino, head of the Portuguese delegation, of the Joint Liaison Group.



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16 April 1991

